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Governing the Future

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Oral and written evidence

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The Public Administration Select Committee

The Public Administration Select Committee is appointed by the House of Commons to examine the reports of the Parliamentary Commissioner for Administration, of the Health Service Commissioners for England, Scotland and Wales and of the Parliamentary Ombudsman for Northern Ireland, which are laid before this House, and matters in connection therewith and to consider matters relating to the quality and standards of administration provided by civil service departments, and other matters relating to the civil service.

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Committee staff

The current staff of the Committee are Eve Samson (Clerk), James Gerard (Second Clerk), Lucinda Maer (Committee Specialist), Phil Jones (Committee Assistant), Anna Browning (Secretary) and Louise Glen (Senior Office Clerk).

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Oral evidence

Taken before the Public Administration Select Committee

on Thursday 8 December 2005

Members present:

Dr Tony Wright, in the Chair

Paul Flynn	Julie Morgan
David Heyes	Mr Gordon Prentice
Kelvin Hopkins	Grant Shapps
Mr Ian Liddell-Grainger	Jenny Willott

Witnesses: **Sir Michael Bichard KCB,** Rector, University of the Arts, London and **Dr Geoff Mulgan,** Director, Institute for Community Studies, gave evidence.

Q1 Chairman: Let me welcome our witnesses this morning. It is a great pleasure having you along. You have both given evidence to the Committee on at least one other previous occasion and I know that you are people on whom we draw regularly and shamelessly. We are particularly glad to have you along relating to one or two inquiries that the Committee is beginning to do at the moment. Sir Michael Bichard, Rector of the University of Arts London, former permanent secretary and much else besides. Geoff Mulgan, now Director of the Young Foundation, having been at the centre of government for a long time before that, and before that think-tanking and also much else. We are very glad to have you both together. Would it be best if we simply ask you some questions, or would you like to say anything by way of introduction? We have a number of areas on the go and I apologise if we move between them but we should like to extract as much value from you as we possibly can in this morning's session. I want to start, if I may, on this memoirs business, which is one of the things which is occupying a strand of the Committee's activity at the moment. I should just like to know what you both think about all this. I see Geoff that you said recently on the radio "There is almost nothing more corrosive to the quality of decision-making than a climate or culture in which every participant is secretly writing their diary under the table". Obviously, we are grappling with the fact that now memoir writing seems to be a contemporary preoccupation of people who were recently in government: former special advisers, former civil servants even, as well as ministers. If that is your view, tell us why it is your view and tell us whether you think anything can be done about it.

Dr Mulgan: I made one rather brief comment on this, prompted by the fact that diary writing by ministers is now being joined by rapid diary writing by civil servants, diplomats, special advisers, press officers. To my mind it is quite hard to see how you can have good government, if people who are being paid by the public purse and in public service have their minds on the £200,000 advance from the *Daily Mail* or indeed how they would write up a meeting to make it look more colourful or to portray them in a better light. If, in any meeting dealing with delicate issues within government, some of the participants are known to be writing diaries, that is bound to change the nature of those meetings and make them less effective in terms of reaching well-informed decisions where people can feel safe in airing difficult thoughts which might not look so good in the cold light of print. As to what can be done about it, I am less clear. In many respects, we do want people to write memoirs and diaries in due course as part of the historical record, as part of the way governments learn. What is most corrosive is when that happens within a few months or years of them leaving office. I am not sure how much role the law has to play in this, but it is possible to re-think employment contracts to establish some norms. The individuals concerned also have a moral duty themselves to take responsibility for this issue as much as the law and maybe this Committee should suggest some norms in terms of a time period between people leaving office and them being able to profit from writing about specific events they observed in confidence in government. There has been a lot of focus on Alastair Campbell in this respect. I actually think that he is one of the lesser offenders, partly because he was very honest that he was keeping a diary and he committed to not publishing it while the Prime Minister was still in office, whereas others have rushed into print in ways which have not done them any favours. The final point perhaps to make is that most of these diaries are not very good.

Q2 Chairman: They are riveting! Do you think it would be appropriate for Alastair Campbell to publish a diary while Gordon Brown was still in office?

Dr Mulgan: I am not going to comment on any particular case and, compared with other ministers and diplomats and others, at least he has attempted to offer some principles which should guide diary writing, whereas I have not heard anything similar from a number of special advisers, diplomats, civil servants and others who have gone very quickly into print.

Sir Michael Bichard: The word Geoff uses is "corrosive" and I think it is very corrosive. The relationship between secretaries of state, ministers and civil servants is based upon trust and confidence, particularly when policy advice is being given. It is absolutely wrong for a former civil servant or an official at any time to be writing memoirs of this sort; it damages the relationship which others are trying to develop and sustain with their ministers. I should go further and say that it is unfortunate when at a later date former civil servants criticise ministers with whom they worked or the way in which they operated. You try to establish a bond of trust and confidence with ministers and you have to sustain that; it is very, very important.

Q3 Chairman: Do you have any sense of how contractually we might do it in a culture where people are coming forward with these huge advances and it has become very tempting to do it?
Sir Michael Bichard: Civil servants often told me, as a mere incomer of course, that values and standards were very important and that it was something I had to learn. So I rather expected my elders and betters to know better. I rather hoped it was something which was absolutely central to the standards and values of the Civil Service. Maybe we need to make it now more explicit than we have in the past and if that is the case, then we should. We should not forget either, that there is a process for vetting memoirs which somehow seems to have gone wrong in this case. Whilst I abhor the fact that this has happened, I am also somewhat shocked and surprised that it was allowed to happen.

Q4 Chairman: I am sure colleagues will come back to this area amongst others. May I move on as I want to ask one question in the three areas we want to deal with? The second one is to do with ministers and civil servants. Have we broadly got the relationship right between the political side of government and the Civil Service side of government? We have these endless arguments about whether the system is being too politicised or whatever. Have we got the relationship right? If not, what kind of alterations do we need to make to it?
Sir Michael Bichard: The arguments around politicisation are usually focused on special advisers. There were 82 at the last count, and how many civil servants are there? I think there were 5,000 at the centre at the last count. It does not seem to me that the British system of government and the Civil Service is likely or should be undermined by 82 special advisers. The onus is actually on the Civil Service in particular to work with those special advisers. They have a particular role to play and in that sense they play a very useful role and obviously one of the useful things that they can do sometimes is ensure the Civil Service does not have to get involved in some of the more political aspects of the work which, before we had special advisers, was a problem. It was quite difficult sometimes to define the borderline; now they can help in that respect. They also bring a completely different perspective to policy making, a different approach and a different experience and we should be seeing that as a strength and trying to integrate it. You asked me whether the Civil Service itself has been politicised. I do not really see evidence of that. It was something which was obviously being said pre-1997 under a different government and one of the things that impressed me as an incomer in 1997–98 was the way in which the Civil Service had remained apolitical and showed that it could be apolitical at the time of a change of government. I have not seen anything as an observer on the outside which suggests that they have lost that important facet.

Q5 Chairman: Governments want to bring people in who are sympathetic to what they are doing, can-do people who are not brought up in the Civil Service tradition. Apart from this particular special adviser point, do you think we are doing enough to enable this to happen by bringing outsiders in, by all the different devices that we are putting in place now to try to get more circulation inside the system? Do you think it is proper for ministers to want to bring in people in that kind of numbers?
Sir Michael Bichard: There is a difference between bringing people in who are sympathetic, as you put it, and bringing people in with a can-do mentality. It is short-sighted of government merely to bring people in who they think are sympathetic. They desperately do need people in who have a can-do mentality and who can deliver results and outcomes and those should be the criteria on which you are basing your selection process. There is a view, of course, that people like Vernon Bogdanor sometimes still articulate that unless you were brought up and bred in the Civil Service, you could not possibly understand the values of the Civil Service and that anyone coming in from outside brings with them baggage which could be an embarrassment to the service and to government. I do not agree with that at all. People who have worked in local government in very politicised environments and tried to maintain an apolitical approach to their work are rather well-equipped to work in central government too. Whenever I say there should be more people coming in from outside, I am told that there are lots more coming in and it is true, there are more people coming in from outside. I still do not think there is the interchange which would be healthy. It is still the exception rather than the rule. I have to say that, if you look at the number of permanent secretary posts which have just been filled and you look at how many of those were advertised, you will find that it is a very small percentage. I am not saying that the people who have been successful are not very able people; I know many of them and they are very able people. However, at that kind of level of government you should be advertising all posts to ensure that it is transparent and that you can be absolutely certain you have appointed the very best people to those posts.
Dr Mulgan: I cannot see any very strong argument for more politicisation of the Civil Service and in the past some people have argued you need more than 80, whatever it is, special advisers and to go down the

route America or the other countries have taken. I can see no advantage in that. Equally I cannot see much advantage in reducing that number. Where special advisers are doing their job well, they generally oil the wheels, getting things done, or helping departments understand ministers' priorities and so on. I agree with Michael: two changes are needed. One which is already underway is being more transparent about what the rules are, who they are accountable to, what the norms and principles are and at times there have been some serious slippages in that respect. Secondly, perhaps we do need new categories for people who are not partisan appointments, but are experts who bring different knowledge to bear and who can contribute to the development and implementation of particular policies and strategies. At the moment, government finds it quite hard slotting people into valid roles for that, because you have to choose between the special adviser category, the permanent civil servant category or some consultancy categories, none of which fits what is needed in many areas of policy. Scotland has obviously gone for a slightly different route in respect of expert advisers. We do need several more categories in the Civil Service here as well, partly in order to achieve what Michael talked about, which is a norm where more civil servants through the course of their career expect to spend significant periods working elsewhere in business or the voluntary sector or local government and then to come back, but, equally, many more people in those other walks of life expect to spend a few years of their time serving in national government. Despite all the talk about interchange and so on, the numbers are pretty small and when it comes to key jobs they are often not even advertised.

Q6 Chairman: Finally, to get us into the third area, the area we mainly asked you to come to talk about is the idea of strategic thinking and policy making within government. Perhaps I shall start with Geoff because this has been your trade for a long time, the business of the thinking strategically at the centre. We know why it is difficult to do this; we know about the political cycles, we know about the time horizons in which politicians operate. We have tried over the years in this country to set up special bits of machinery to do strategic thinking going right back to the central policy review staff in the 1970s, through the Strategy Unit and its different offshoots. What I want to know is whether we have got this system right yet. Is the Government well-equipped now to do strategic thinking? Can it do it all, should it do it all itself internally, should it be done at the strategic centre in government or is it properly done in departments? Do we need to contract some of this stuff out more than we do now? The question is: do we have the whole business of making strategy right, organisationally and in a policy sense, within government now?

Dr Mulgan: I do not think this is something where you ever get it right and then you have a system which is fixed. The reasons why in the past this has been so difficult include aspects of the external environment. In periods of political instability or economic instability, it is very hard for any government to be strategic and the years before this Government came in were ones where it was almost impossible for government to think far ahead because it had such a small majority and was fighting so many battles for survival. What has happened in the last eight years is some basic bits of machinery which make government more inherently long term. They include things like three-year spending cycles instead of one-year spending cycles. They include the reversal of the very damaging cuts in public capital investment, which were a very tangible expression of short-termism. They include the creation of strategic capacity, not just in the centre of government in the Cabinet Office and Number 10, but now every department has a strategy team and most of them have produced five-year strategies trying to set out long term what they are trying to achieve with money attached, legislative programmes, targets and so on. We have seen a big improvement in the methods being used to think about the future, ranging from scenarios and simulations and modelling and so on and some of that is reflected in a shift of spending and activity more towards prevention, rather than just cure, and the emphasis on issues like climate change, pensions even, which are inherently difficult and long term, and perhaps as well, the shift of culture on evaluation, evidence and so on. None of this is easy. It is bound to clash often with political priorities. It only works if the top politicians really want it to happen and to give it priority, and there are several areas where more could be done. Certainly Parliament has a bigger role to play and in other countries does play a bigger role in both scrutinising and in pushing government to think more responsibly about long term issues and a lot could be achieved there. The other thing is that the strategies which need to come out of government should not be set in stone; these should not say "This is exactly what we will do for the next five or 10 years". Within every system, you also need some capacity to innovate, to adapt and change and one of my big disappointments with government here is that it is still the case that most of the big departments do not have a strategy for innovation. They may spend very large sums of money on scientific R&D, often funding individual companies which have inside tracks to government, but in terms of systematically ensuring the redevelopment of models in health or education or welfare, which may be key in 10 or 15 years' time, that happens very, very *ad hoc* in an unprofessional way, without proper methods or funding or evaluation. That is one of the ways, one of the things, which I think needs to change alongside stronger strategic capability.

Sir Michael Bichard: I agree with nearly all of that and maybe, just to flesh out some of it, Parliament could have a more important role. In the scribbled note I sent to you, I suggested that maybe select committees could play a part in that or maybe, as is the case elsewhere, some kind of liaison committee which looked at the longer-term strategic issues for government of whatever colour. I should like to see Parliament playing a bigger role. There is certainly

more room for the whole policy process as well as strategic thinking to be contracted out. We have some very innovative, excellent think-tanks in this country and I see no reason why they should not play a more formal part in the development of policy, long and medium term. You suggested there was an issue about the relationship between the work that is going on at the centre of government and departments. There will always be tensions between the centre of any organisation, particularly in government, and the departmental arms, but there is still work to do to achieve greater ownership across government within departments for strategic thinking and a better relationship between the centre and departments. In the old DfEE I set up one of the first strategy communication departments in government. I am not saying that in a self-serving sense, I was just surprised that it was one of the first really and that was in the late 1990s. There is some way to go and the history has been that people in departments felt they were having this strategy imposed upon them from the centre, from the CPRS and that cannot be healthy. I also said in the note that there is room for us to develop the relationship with the academic community a little more. There has been a problem on both sides there. Government still does not respect and value the academic research community sufficiently and the academic research community can be pretty precious about its independence, which it should be, but there is a meeting point and I am not sure we have got that absolutely right yet. In the whole time I was at the DfEE, we met with the academic researchers who were working in the education field maybe twice. I remember one meeting in particular, but it was not an ongoing dialogue. I am sure other departments were doing much better than we were and I keep being told that everything has been transformed since I left. I do think that there is still room for that relationship to be improved. I agree with what Geoff is saying, I agree absolutely and my note says that this is not easy, there is no magic wand here. If you are talking about strategic thinking in government, you are talking about a huge canvass and the way in which central policy thinking and changes can interact is sometimes very difficult to predict. This is pretty difficult stuff we are talking about here. We have had some good examples. The process surrounding the pensions, for example, has been quite a good example of strategic thinking and process, partly because it has involved a wide range of people and that is what we sometimes do lack. We have strategic thinking going on, but it is in a very introspective and self-contained way, whereas most of the strategic issues which now face any government are connected. Geoff wrote a book on connectivity and there is no strategic issue which is not the function of connectivity and yet, we in government still are very departmental, silo based and find it quite difficult to open up the debate to wider interests.

Q7 Chairman: Why did we have the pensions review conducted in the way that you described it, led by an outsider, not controlled by government? We have a review of nuclear energy controlled in a sense by government, chaired by a minister. Does it matter? We had a big review, in a sense akin to Turner, which was a Tomlinson review, again process very good, politically dumped. Why do some exercises in strategic thinking work seemingly, others do not politically? Can we tease any of that out?

Sir Michael Bichard: I am not going to break the rule I set for myself at the beginning by criticising former ministers for the way in which they have handled policy issues, so you will not draw me on the Tomlinson review in particular. I should not want there to be only one way in which you undertook strategic reviews of that sort. The way in which the Turner review was handled was really quite refreshing, because it enabled a wide range of people to be involved in that discussion and actually the public generally and the media to be involved in that debate over a period of time and that is what you need in issues which are that important. Whether or not the outcome has an impact in terms of action and policy change often depends upon the way in which the process is managed from within government. If you take a positive example, although not everyone in this Committee will regard it as a positive policy, take the Dearing review back in 1996, that was timed so that an incoming government, of whatever colour of course, would have an opportunity to take a decision on tuition fees. The only time I felt that you could have taken a positive decision on tuition fees would have been at the beginning of an administration, because it was clearly going to be hugely controversial. I am not commenting on the policy obviously, but that was important in managing that strategic review process. The decision that the Government took was that they did want to go for tuition fees and they did it; they would not have been able to do it two years before an election, or a year before an election. Even if the review is done outside, what the Civil Service, what the Government have to do is ensure that they manage the process in a way which gives the best opportunity for outcomes and conclusions to be implemented.

Q8 Chairman: Was the problem with Tomlinson not that it reported at the wrong time?

Sir Michael Bichard: I do not really want to comment on Tomlinson, except to say that it was extremely difficult to implement the kind of things that Mike Tomlinson had included in his report immediately before an election.

Q9 Paul Flynn: If we want to look at past governments who have achieved what we are hoping to do here, in a way to influence government to set up enduring institutions and make decisions that are good, not just for the next two or three years, but for the next 50 years or 100 years, we probably have to go back to the Labour Government of 1945–51, with the welfare state and the health service and so on, which have served generations well almost unchanged for a long time. The man who led that Government read the newspapers only to check the cricket scores. We now have prime ministers and cabinets who seem to need a daily fix, a drip-feed of

adulation from the press. Do you think government decisions of the last decades would have been better if prime ministers and cabinet ministers had stopped taking the tabloids?

Sir Michael Bichard: I am a Manchester United fan, so I am not reading the papers this morning and I think there are good reasons for not reading the papers when actually you know what they are going to say and it is all negative. I must admit that when I was a permanent secretary, very often I did not read the papers for a period either. The serious answer to your question though is that there is a danger that short-termism and the pressures of politics and the media can make it more difficult to think strategically. I should have to say also though, and I do not blame everything on the media, that the media itself could play a part, and in some respects it does, in developing strategic discussions. Again, probably on pensions it has been done over a period of time. The politics of the issue became far too fascinating just before Adair published the report, but before that, in the responsible papers, we had seen a debate developing around pensions. The broadsheets in particular could play a greater part in prompting discussion about strategic issues and ensuring that that was responsibly done. If it were, that would make it easier for politicians.

Dr Mulgan: I should certainly agree that many of the best leaders from Attlee, Jefferson, going back, did not read the papers and that helped them be clear about what really mattered relative to the froth of day-to-day coverage. In some ways there is a bigger issue here: how do you create structures within government which are reasonably insulated from the very immediate pressures of the media and of politics, which often send misleading signals? It is a noise rather than information and in some ways that links to the previous discussion. What has been done with strategy teams and departments and the Strategy Unit was an attempt to construct a way of looking medium to long term at issues and not actually taking all that much notice of what happened to be in the comment columns week on week and then to provide options for ministers to decide on, which were therefore more likely to be robust against the future. The Strategy Unit processes took place within government and led to recommendations which were taken through cabinet, so that they were published as conclusions of government, rather than recommendations to government. An alternative approach has been to use vehicles like the Wanless review, which was partly inside but partly about creating a climate of opinion, or, a more arms length process again on issues like pensions where it is incredibly important for there to be some fairly broad-based consensus amongst parties and also amongst the public for the policies to stick. In that latter respect, the media do have a big role to play and so potentially do some of the methods used in other countries to involve a much wider part of the public in thinking through future options, targets and so on. In places like Oregon in the States or Alberta in Canada and even countries like Singapore, they have been much more imaginative than any government in this country in involving large parts of the public in thinking about their future and in some ways exercising collective sovereignty. It is part of the democratic process, whether you can take these discussions beyond narrow circles of expert officials or politicians.

Q10 Paul Flynn: If we take up the example you have given of pensions, apart from the 1945 Government, the next great change in pensions was 1975 with Barbara Castle introducing SERPS with all-party support; there was a consensus there. Then in the 1980s, SERPS was half destroyed for all sorts of complicated reasons and then the element of private pensions was brought in utterly disastrously. We have not seen a government in that period since 1975 taking decisions which were really bold decisions; they were simply frightened of any major changes. We now have this Turner report and I greatly admire the report and what has come out of it. We have already seen attempts to trash it from all quarters, from the press, the vested interests in government and elsewhere. If we are looking forward to what my grandchildren are likely to get as their pensions, how do you think we, in a practical way as politicians, can influence it? What sort of institution do we need in Parliament? Do we need a Committee of the Future like they have in Finland or like a similar institution in Israel where a group of people outside the political fray, or who put themselves outside the political fray, adopt a perspective of people living in 25 to 50 years' time in order to get the right decisions, rather than having judgments distorted by the immediate interests of electoral comfort for us as working politicians?

Dr Mulgan: I tend to think it is a gap in the theory and practice of democracy that elected politicians serve current electors, are awarded to the extent that they do so and that there are no formal parts of governing machineries anywhere to represent future generations or indeed to represent the wider interests of the ecology on which life depends. Many past societies did create such roles for elders, and often senates were conceived as playing this role, as guardians of the future relative to the day-to-day pressures any elected politician is bound to face. In the British system, we lack that. The House of Lords is not really that; an elected House of Lords would certainly not be that, so the task is to try to design some different ways of creating bodies which are insulated from day to day pressures and precisely charged with taking responsibility for 30 to 50 years' time on issues like pensions, climate change but also many others.

Sir Michael Bichard: I was going to agree with all that except the issue about taking responsibility, which was the point I was going to make in response to your comment really. I agree absolutely that it would be really helpful to have that kind of forum. I talked about some kind of liaison committee or select committee earlier, whatever you call it. At the end of the day, the political decisions still have to be taken on some of these issues and you cannot guarantee that there is going to be the courage or that the right decision is going to be made. You can improve the chances that the long-term strategic

issues are going to be addressed. Not just Parliament however; I think that at official level of government, there is more responsibility to be taken for this. I do not remember, as a permanent secretary, very often having a discussion with other permanent secretaries about the six most important strategic issues facing this country in the next 25 years and as the most senior level of the Civil Service I think that is a debate we should have been having more often. I know that the new Cabinet Secretary wants to have a more corporate sense at the centre of government, at the level of officials and he is absolutely right. I should like to see more corporate ownership at that level of the big issues facing this country.

Q11 Paul Flynn: If you take an issue that we have discussed, the strategic unit and so on, take the issue of illegal drugs, everybody who has looked at the way that we draw up our policies on illegal drugs over the last 30 years, the Wootton inquiry, the Police Federation, the select committees of this House and the House of Lords, every group that has thought about this objectively, scientifically, has come to the conclusion that the policies of prohibition being pursued by Britain and America are wrong, will actually make the problem worse and other policies are needed. We hear of a recent one by Lord Birt in the Strategy Unit which has been widely leaked, which says the same thing, that for 30 years the Government's actions have actually increased the deaths and the spread of the use of illegal drugs by creating an illegal market. That is the rational point of view. I do not know of any report which has said anything differently, but every Government for 30 years has pursued a policy which has made the problem worse. It is not working, so we do more of it, has been the line taken. If we take the recent policy by Lord Birt, the blue-skies thinker, which again repeated this, that there has to be a change of direction otherwise we continue the errors of 30 years with increasing deaths and use of illegal drugs, where does that stand in government? Every government is afraid of being told by the *Daily Mail* that they have gone to pot, if they take any intelligent view of drugs, rather than taking the knee-jerk reaction of trying to be tough on drugs. It is hard to believe that we as Parliament this year decided, with the support of every party, in the 2005 Drugs Act, to classify magic mushrooms in the same category as heroin. That is an act of insanity, but this Government, supported by all parties, took that decision because the decision was taken a matter of months before the General Election and none of them wanted sprawling headlines from the tabloid press. Is there hope?

Dr Mulgan: I was responsible for setting up and overseeing that review so, for the reasons I gave before, I shall not comment on the detail of that particular case. It does illustrate a broader point, which is about the involvement of the public in these discussions. As you say, there have been many expert commissions and reviews, but not ones which actually have involved large sections of the public who remain quite resistant to many reforms which otherwise rational people who study the issues in detail support and that therefore creates a blockage in terms of political possibilities and creates a rationale for the media often to take up very knee-jerk and in fact destructive positions on drugs. That is probably an example of the sort of issue where we need to think much more radically about ways of involving large sections of the public in the policy process and not just officials, ministers and experts.

Sir Michael Bichard: This is exactly the point I was going to make in a different way. We live in a democracy and however rational and informed and brilliant your strategic thinking is, at the end of the day generally you have to take the public—one cannot just say the media but the public—with you. There have been some examples in the last 50 years, very rare however, where a government has decided that it is going to do something in spite of public opinion. Going back further than the present administration you can think about capital punishment, for example, which was one of those issues where a stand on principle was made, although it was a cross-party vote. Generally, you have to take the public with you. On the issue you have raised, the public have not yet been persuaded and therefore the debate needs to be broadened and continued. I was getting a bit worried about the direction of the questioning here. I thought we were about to be asked whether we had inhaled, to which the answer is no. I do not want to comment on the particular policy issue you raised, but that is the answer.

Q12 Paul Flynn: We can look forward to an intelligent debate coming from the election of the new Tory leader yesterday on this policy. If we go back to the time of the 1945 Government, and not many of us in the room remember that, the reforms which were brought in then were howled at by the popular press and the derision from the comedians on the radio against Aneurin Bevan, whom we regard as a hero now, was constant and unremitting. Many of those reforms and the National Health Service itself were brought in in the teeth of a huge amount of public opposition. Many of the mistakes made by that Government were probably the popular ones. Is there not an erosion of the courage of politicians to take on unpopular areas? You mentioned capital punishment. The reform of the laws relating to homosexuality has been undertaken in the face of public opposition as well. There have been instances of courage. Has there not been a retreat from that when we have information that is objective and is rational and it is because of the timidity of our contemporary politicians?

Sir Michael Bichard: Whether or not you applaud courage depends upon whether you agree with the decision which has been taken. Some decisions have been taken in the recent past which one would have to say were courageous, but with which you would not necessarily agree.

Q13 Paul Flynn: Which are those?

Sir Michael Bichard: You might think that the decision taken about war in the last administration was one of those. My point exactly; I did not think

that was a decision with which you agreed, but one has to be careful about just having a debate about the need for politicians to be more courageous. The debate here is about strategic thinking. What I am saying is that you can think about strategic issues, but at the end of the day—

Q14 Paul Flynn: That was an example where two million people walked in London to express their objection to that decision.

Sir Michael Bichard: Absolutely; yes.

Dr Mulgan: I assume you want leaders to lead and not always follow. The question is: at what distance and on what issues? May I just say one thing about process which may be relevant to this? In some ways it is a question of how political leaders and official leaders can judge what issues they should invest their capital in, where they should be leading ahead of public opinion, challenging public opinion and so on. In the last two or three years there were some interesting changes to process at the heart of government, in particular trying to get cabinet ministers and permanent secretaries spending more time in away-days, in discussions, in evening sessions, mixing up different departments, looking at future challenges and looking at what was happening in other countries, trying to get a more common cross-governmental view of what really did need to be done to be ready for the next five, 10 or 15 years. We could find no evidence of that sort of exercise having been done at any point in the past, mixing up political and official leaderships and getting them to leave their departmental hats at the door and take responsibility for the nation as a whole. A fair amount of what came out in terms of the strategic plans, the last spending review and so on, was informed by that process of collective deliberation which a number of other governments around the world are now trying to copy, because they see that as best practice in terms of how you get over some of these blockages. The purpose of such exercises is to help people decide where it is worth investing the Government's necessarily limited political capital, whether it is in terms of challenging public opinion, or indeed spending scarce resources.

Q15 Paul Flynn: I am trying to get away from the idea of politicians who live in a world which is shaped like a saucer, that we are all in this saucer, we are concentrating across the other side of the saucer at our own affairs and the rim of the saucer is the horizon over which we cannot see and that is the date of the next General Election. This would be dealt with by political decision. Could you say in what practical way we can change the institutions in Parliament on this? You suggested this early on. You suggested leaving this to the select committees which have achieved a degree of detachment outside the political dog fight, but there is the silo argument there, that they might well be taking their own departmental interest. You suggested bringing in academics, which I think we would warmly welcome. Can you think how we could set up some institution, extra committee, extra body here which would do those things and which would bring us as far away as possible from the political fight and bring in people from outside, but also change the perspectives to those of the interests of our grandchildren and great grandchildren.

Sir Michael Bichard: We are both suggesting some kind of futures committee or liaison committee. The only issue there is that you do not do what we were describing has happened in the Civil Service in the past, which is marginalise it. Select committees should have a strategic responsibility within their particular field; probably across government it would be good if there were some forum where we were encouraging MPs to think about the future in the way I know they do in other countries. That would be an entirely healthy development. The academic community could certainly be involved in that.

Dr Mulgan: To ensure it not becoming a silo, any such committee does need to represent the other committees. I should certainly advocate involving outsiders, though not only academics; academics are often not very well placed in terms of methods for thinking about the future and much of the best serious work on this is done outside universities nowadays. Any such committee needs a series of methods which is its own, which gives it purchase: for example, looking at the stock of national assets and whether that is being run down or increased, interpreted in the widest sense in terms of physical, natural, financial as well as human capital and so on, what is happening to inter-generational distributions as pensions' policy and other things change. That is what would give it purchase and perhaps a label which is something like the next generation rather than the future. Some people's eyes glaze over when they see the words "the future" and they think therefore it is not for real and it does not have the bite of day-to-day decisions. In November 2003 and then again in January this year the Government published a strategic audit, which was an attempt to take stock of long-term trends and challenges and what government needed to do differently. As far as I am aware, that was not discussed in Parliament and it is not quite clear where in Parliament it would have been discussed, which is perhaps another justification for some new bit of machinery.

Q16 Grant Shapps: Everything you are saying is very interesting, but I am not sure we are making huge amounts of progress, partly because neither of you is suggesting anything radically from what appears to happen today. I do want to challenge Sir Michael's comments, which did shock me, about the Turner report, if only to spice this up a little bit. You were saying that you thought the Turner report was very good and I agree that it is a good report. I am surprised I suppose by your lack of cynicism as to why we even have a Turner report. We have a Turner report because the Government have failed in their pension revision, lots of things we know about like £5 billion raids on pensions over a number of years and those sorts of things, which gets to the point where the pensions are depleted and a neat thing for the Government to do is to throw this out to

somebody else to make it seem that this is a problem which is way beyond our shores and nothing to do with government and what we need to do is think about this for the sake of future generations. In shorthand, what I am trying to say to you is that the results of the Turner report were blooming obvious: we need to do three or four things to pensions to make them work, but the reasons behind the Turner report being commissioned in the first place were also extremely obvious and very political, would you not agree?

Sir Michael Bichard: It is a while since I was accused of not spicing things up enough but I do not want to be too provocative. I am not sure that it really matters why. Clearly there were issues around pensions. I am not saying there were not, but some of them could be as a result of political neglect in the past or the wrong policies, but in demographic terms there were clearly big issues around pensions and they needed to be addressed. All I am saying is that a process which involved externals and opened up a debate across a broad canvas is the kind of strategic debate which I should like to see more of in this country because it helps to develop, gradually at least, some consensus around the issues. At the end of the day someone has to take the decisions.

Q17 Grant Shapps: What we are trying to do here is blue-sky, future generation thinking, and you do not care whether it is driven by political necessity of the day in reality.

Sir Michael Bichard: That is right. Until we get an absolutely perfect government—which has not been the case any time during my life and probably never will be, will it?—there are always going to be issues which are perhaps the result of political neglect in the past. They have to be handled, they have to be grasped, that is what we are all here for, is it not? It is not really the motivation which worries me; it is that big issues are grappled with. The answer to your question, while it is not sufficiently spicy, is that if we did set up a futures committee, if we did have a more corporate Civil Service, those two things would quite significantly change the way in which government works in this country.

Q18 Grant Shapps: The only shift we have really seen in the way this stuff is handled is that a lot more is happening centrally because of the Prime Minister's unit. I think you were intimating in your earlier evidence that the fact that it now happens within Number 10 a lot more has generally been a good trend, though you did not say it directly.

Dr Mulgan: It is good that it happens, it is good that a lot of it happens very openly, it is good that many, many hundreds and thousands of people outside government are involved in the process, but it is also good that in the last two or three years there has been a deliberate attempt to scale down the volume of work done in the centre and build up capacity in departments. That was always the intention and that has now largely happened. I should just say that none of this takes the issues out of politics; whether it is pensions or nuclear power or anything else these are bound to have political origins, political conflicts, political arguments around them and when any conclusions or recommendations come out of task forces or commissions it will then be for elected politicians to make judgments, sometimes reject them out of hand, sometimes cherrypick and so on. That seems to me wholly appropriate in a democracy.

Q19 Grant Shapps: Me too; I am greatly in favour of there being a large political element; that is what we are elected for. Does it not frustrate both of you, who think about these issues a great deal, that ultimately, whatever is said by all these committees, and I am cynical about why some of them are set up in the first place, actually what is going to happen is that the Prime Minister is effectively going to do what he wants to do, little more?

Sir Michael Bichard: That is why we elected you and choose prime ministers.

Q20 Grant Shapps: I suppose what I am trying to do is tease out whether you think the power is too much centralised.

Dr Mulgan: The purpose of the processes we are talking about today is to make sure elected politicians have a better menu of options. The problem in many of these fields is that they are having to make decisions without a sufficiently grounded strategic option to consider and therefore are more likely to go for short-term fixes or second best and so on.

Q21 Grant Shapps: I suppose what I am trying to get to here is that if in fact it is the case that most of this then comes down to the decision made by probably one man rather than even the Cabinet, does it not deflate the entire purpose of this blue-sky thinking in the first place? His timescale is only going to be his timescale.

Dr Mulgan: I was trying to describe earlier the process in which the Cabinet, and indeed the top echelon of the Civil Service, did start thinking much more collectively and collaboratively than perhaps was the case five years ago, let alone 15 years ago under Margaret Thatcher. Any process which is established will have to reflect political realities, the balance of power between ministers. To some extent though, in any government, a prime minister is likely to expect to be involved in a particular policy field longer than individual ministers and to some extent, in that respect it is appropriate for the centre, by which I mean Number 10, the Cabinet Office and the Treasury, to have a particular responsibility for the future. The average tenure of junior ministers may be 18 months—I cannot remember—of secretaries of state is probably not much more than two or three years. It is still the case that the average tenure for ministers is rather longer than that, and of chancellors too, therefore it is appropriate that they should be more reliable guardians of the long term than individual ministers and departments. Just to reiterate the point, these processes work best in other countries—Finland has been mentioned, Singapore

and others—where there is quite a wide corporate sense of ownership of strategic thinking and decision making.

Q22 Grant Shapps: These are very difficult issues to grapple with. You say that it has improved in the last few years, but do you think that is the public's perception? I know that is not directly what we are tackling today, but I wonder whether the public does not actually feel that at all.
Dr Mulgan: The public are given almost no information on this topic by the media, who are wholly uninterested in strategic thinking, long-termism of any kind. To be honest, politicians have not done that good a job in explaining any of this either. It has been almost a hidden change within government, which has not had enough public airing, despite, I may say, attempts by some ministers and the Prime Minister, to get the public engaged. When five-year strategies were published last year by most of the departments, you would have had to be a pretty attentive reader of newspapers to know what was going on.
Sir Michael Bichard: I do not think either of us was saying it has been transformed in the last five years; we are just saying that we could detect some improvements. One of the reasons I welcome the fact that you are having this debate and you are looking at this issue is that it is rarely considered. When did the NAO, for example—as people know I always love to criticise them now—actually produce a report on the strategic planning and thinking within departments? Actually the NAO tend to say it is a policy issue and they cannot possibly be involved in policy. I always argued, even when I was in the department, that they ought to be producing reports on the policy process, not individual policies, but how departments were going about developing, formulating policy and how good they were at strategic thinking and planning. I have never seen a report from the NAO on those issues.

Q23 Mr Prentice: I want to ask about Turkey. The British Government's position is to see Turkey in the European Union. If Turkey does in fact join the European Union, that will have huge ramifications. I just wonder how much discussion took place at the centre of government on the implications of Turkish membership for the EU. You told us that each department has its own strategy unit. Would each department have considered the implications of Turkish membership of the EU?
Dr Mulgan: I do not know the specific answer to that. What I do know is that the Foreign Office in the past has been one of the better departments in terms of having a professional capacity for thinking through the long-term implications of issues like Turkish accession to the EU. The policy planning staff in the Foreign Office have existed for decades, and perhaps more, and often used methods of scenario thinking. The appropriate way of thinking through a question like that is to work systematically through the likely implications of a number of different scenarios which could follow from Turkish accession.

Q24 Mr Prentice: Have you seen such a document? Does such a document exist?
Dr Mulgan: I do not know; you would have to ask the Foreign Office not me.
Sir Michael Bichard: This reinforces a point I was making earlier. In my time there would probably have been a comment made at a meeting of permanent secretaries by the Permanent Secretary at the Foreign Office about Turkey. It was never picked up as an issue of corporate priority for government which the Permanent Secretary was then going to come back to and gnaw away at until there was some corporate advice which could be offered. It was very much a Foreign Office issue.

Q25 Mr Prentice: I should certainly put money on such a document not existing on the implications of Turkish membership of the EU.
Sir Michael Bichard: Neither of us is a betting man.
Dr Mulgan: There was a fair bit of work on the implications for all departments of enlargement and a lot of pretty complicated ramifications in terms of migration, trade and industry, housing and so on. Whether they were accurate in terms of what then subsequently happened is another matter, but there were some processes of that kind. Because one is looking at least 10 years ahead in the case of Turkey, this is one of those issues where most departments tend to be anxious about looking at anything quite so far ahead with quite so many variables.

Q26 Mr Prentice: No, I am talking about strategic thinking. What a classic example. I am just a Member of Parliament and sometimes I do not know where policies come from. I just wonder, when you were at the heart of government in the Strategy Unit, whether you were ever wrong-footed, whether you ever thought "Goodness me, I didn't know that was government policy".
Dr Mulgan: I should be surprised if any minister or senior official did not sometimes have that experience when opening a newspaper.

Q27 Mr Prentice: But you were at the centre of the spider's web. Let me give you a specific example. When the Government came forward with its policy on faith schools, I thought that it had not been in the manifesto and I had never heard any of my colleagues pushing for it and all of a sudden it became government policy. Were you aware that this policy on faith schools was going to be announced?
Dr Mulgan: In principle, when I was head of policy at Number 10 and running the Strategy Unit I did get a huge flow over my desk of what was in the pipeline for white papers and legislation and media announcements and so on. For any modern governments the sheer volume of decision making taking place in departments and in bits of departments means that no human being can ever be completely on top of every detail of every issue and they do sometimes experience surprise when they come across things happening.

Q28 Mr Prentice: Surely the Prime Minister is.
Dr Mulgan: It would probably be quite destructive to have such a centralised policing function that there was one place which really knew everything which was going on. Obviously this was the dream of Joseph Stalin and various others and they certainly never achieved it and I do not think any British Government has ever achieved it either. Are you saying it would be a good thing if the centre were omniscient?

Q29 Mr Prentice: I am asking whether, when policies are announced which I, as a Member of Parliament, am unaware of, you are unaware of them as well. Are you aware of these policies?
Dr Mulgan: It depends. For that particular policy I honestly cannot remember the precise sequence.

Q30 Mr Prentice: Fair enough. How did you decide which studies to embark on in the Strategy Unit?
Dr Mulgan: The Strategy Unit had a fairly open process of deciding on topics, partly through consulting departments and ministers, partly through asking the Prime Minister what he thought was important, partly an internal process of members of staff and advisers and networks flagging up issues which they thought were important. We also encouraged a wider public input and a number of the projects which were done were prompted by outside suggestions. I am not sure there is any ideal mechanism for determining priorities. The ultimate decision on which things went forward to review was made by a committee which linked together Number 10, Cabinet Office and Treasury, making recommendations to the Prime Minister in terms of formal mechanisms, but we were quite keen to have a much more open process of flagging up what might be upcoming, cost-cutting priorities.

Q31 Mr Prentice: Have these reports actually changed things rather than just being an academic treatise which is read and then put on the shelf and forgotten about? Did they actually change things?
Dr Mulgan: The main critique of the central policy review staff in the 1970s and 1980s was that they did produce reports, but often without much traction on decision making. The majority of reports produced by the Strategy Unit and the Social Exclusion Unit and others like that were taken through Cabinet to be decisions of government with implementation plans, timescales, aide, official and ministerial responsibilities, targets and so on. Broadly, so far as these things ever happen in quite the way planned, they have been implemented.

Q32 Mr Prentice: You published a report on ethnic minorities and employment opportunities. In my constituency we have 78% of Muslim women economically inactive which is just absolutely staggering. Since the publication of your report, have you seen any major changes in the specific area of getting Muslim women into employment? I know it was touched on in that report.
Dr Mulgan: In that particular case that report was taken through Cabinet and was published as a statement of government policy. A task force was set up to oversee its implementation, involving a lot of people from outside government. A new official structure was set up to focus attention in DWP on the set of issues which had not been taken all that seriously in the past by governments and many fairly detailed policies have been implemented by JobCentre Plus and others. There are now annual reports on what has or has not been achieved. I know there was certainly quite rapid change in terms of employment levels in specific Muslim communities at different age groups. As to what has happened in your constituency, I do not know. There is now a part of government to which you can address that question and they will have a far greater focus on it and expertise in it than would have been the case three or four years ago.

Q33 Mr Prentice: May I ask about outsourcing policy development? You speak about this in a paper which we have before us: you want to break the monopoly which the Civil Service has on policy advice. Can you give us any examples overseas where governments actually contract out policy making?
Sir Michael Bichard: I cannot; I am not basing what I am saying on what has happened elsewhere.

Q34 Mr Prentice: I was just interested.
Sir Michael Bichard: I just think that it is healthy to have a policy-making process which is a pluralist process. There are some hugely talented people working outside the Civil Service; indeed if you look at some of the things which happened, particularly post-1997, whatever you think of the policies, quite a lot of the preparatory work was done before the Labour Government was elected. It is not fashionable now to say that the literacy/numeracy strategy was rather impressive of its sort, but I think it was and a lot of work, I am happy to admit, was done before the Civil Service got its hands on it. It was done looking at what was going on around the world, so in that sense had an international perspective, which is sometimes missing in our policy making, and it was done in academic institutions.

Q35 Mr Prentice: That is kind of different, is it not? Oppositions scratching around for policy ideas, oppositions consulting people in think tanks is one thing but when you have a government contracting out policy to policy institutions it is quite different, is it not?
Sir Michael Bichard: I am not sure it is in principle that different, in that if it works for an incoming government it could have some beneficial effect on the policy making.

Q36 Mr Prentice: So the Government may give a contract to, say, the Adam Smith Institute.
Sir Michael Bichard: It is up to the Government to whom they give contracts. It would need to be constrained to deal with issues of confidentiality and

the rest, but quite a lot of work is going on in places like the Young Foundation, of which I am also a trustee. I do not see any reason why there should not be greater freedom here. When I was in the Civil Service I used to say to the civil servants in that department that one of the things they had to prove was that in five years' time they would still be the policy developers of choice, that ministers would be so impressed by what they did that they would not look for alternatives. Actually I do think there should be some alternatives in the system, particularly if you are thinking about strategic planning. Once you get very close to political decisions and the pressures we talked about from the media, the political cut and thrust of debate, clearly a minister might have some reservation about putting that out, but when you are talking about longer-term thinking about policy issues, I see absolutely no reason why that should not be put out. May I make a point which we have not picked up yet? One of the reasons for that is that I am not sure we yet have within the Civil Service the levels of creativity that I should like to see and which are necessary for really effective long-term strategic thinking.

Dr Mulgan: To give one example, and there have been some past examples in British history of contracting out, the privatisation policy in the 1980s is either a good one or a bad one, depending on what you think of the policy. What we are always talking about here is not full contracting out, it is involving a wider pool of contributors to decisions which still have to be made by ministers in a normal way. You cannot truly contract out the decision-making process without all sorts of problems ensuing. Done right, it does enrich the process. Perhaps I could give one contemporary example which we are working on at the Young Foundation, which is policy on neighbourhoods. We have brought together a consortium of cities, of community organisations and government departments. It is a mixture of very practical work on how to give more power to neighbourhoods with some policy advice to ODPM and the Home Office in this case. They are entirely free to ignore everything we say, but we are bringing a much wider pool of participants into the process, hopefully new insights grounded in practical experiences in cities like Sheffield, Liverpool and Birmingham. I hope that will lead to a better end result. That is the way to go in the future and it involves not only think tanks and academics, but always—we tried to do this in the Strategy Unit—involving practitioners, people with on-the-ground frontline experience who knew the difference between something which worked on paper and something which worked in practice. If you can get that done, that is definitely in the public interest.

Q37 Jenny Willott: May I go back first of all to the role of the Treasury in strategic thinking and strategic planning? With the situation last week on the pensions report, even before it had been published the Treasury had undermined some of the main outcomes of the report. Given that control of the purse strings gives the Treasury a significant amount of power in these decisions, how do you make sure that he who controls the purse strings does not have undue influence on strategic thinking and strategic planning within government?

Sir Michael Bichard: Sometimes it can be positive rather than negative. I am not suggesting it was, but if that is what you are saying. I say that because it grieves me to say, as a previous departmental permanent secretary, that the Treasury in the recent past have been a very constructive influence on policy and inter-departmental policy and strategic thinking, not least through things like the cost-cutting reviews which I applaud. I chair one or two voluntary sector organisations and I spent some time chairing the contacts between government and the voluntary sector and the cost-cutting review before the last CSR of the long-term future of the not-for-profit voluntary sector in this country, which resulted in the future builders' fund and the capacity building support, were rather good pieces of work. That really was an example of the Treasury using the clout of the budgetary process to ensure that some of these issues were addressed. It is not just the negative influence: the money behind it can help strategic thinking quite a lot.

Dr Mulgan: I agree with that. In any government you need to ensure there are ways of setting the overall strategy, what you are trying to achieve, why and what is a priority and what is not. A lot of things then need to follow that, including allocation of money, legislation, political capital and so on. There have been times in the past when the money bit has got in the way of the strategy bit. When this administration came to power, the Treasury's capacity to be strategic had been greatly cut back, which therefore forced it into the much more classic, just-say-no position on money. The Treasury has become a lot more constructive and strategic over the last few years; it has more people thinking creatively, thinking strategically and sometimes taking the lead on particular policy issues. In all the strategy processes I have described we tried to tie the Treasury in very closely and often the challenge which they provided to departments, and indeed to Number 10, probably led to better decisions in the long run. There are questions still as to whether the Treasury needs to go even further in terms of its strategic mechanisms and methods and the sort of people who are brought in, but it is a world away from what it was eight years ago in that respect.

Q38 Jenny Willott: The other side of it is the fact that for something to be successful the Treasury does need to buy into it. Either it is being driven by the Treasury and is coming from them in the first place, in which case clearly they are going to be supportive of it. Or, if it is something which is more difficult and might have some long-term financial implications, how do you ensure that the Treasury is able to be involved in that process and buy into that as an idea rather than sniping on the sidelines or undermining it? How do you make sure that is part of the fundamental process?

Dr Mulgan: Crudely, in the design stage of those strategic reviews of the last few years the Treasury has been a participant at several levels, either through having officials sitting on teams, sitting on steering groups, ministers sitting on appropriate cabinet committees. The Treasury is not usually short of routes into these sorts of processes to have its say and that is entirely appropriate if they have substantial cost implications. It should be said that there are many areas of public policy which do not actually have very much to do with money and we can over-emphasise the extent to which the whole thing is driven by cash.

Q39 Jenny Willott: We have been talking about a number of different areas of strategic thinking. We have had the blue-sky stuff, which is 30 to 50 years, a very long time frame when you are not necessarily talking about the practicalities of how you implement, you are talking bigger scale stuff. Against that you have a long-term vision as to where you are trying to go with a particular department or particular area of work. Then you have the shorter term, the medium term, for planning over a period of a certain number of years. One of the things you said was that within government the strategic planning framework, the three-year spending reviews, departments are looking at five-year plans, to me five years is not actually that long a period of time when you are talking about implementing the policies because, particularly in government departments, it can take an incredibly long time for something to be put into place. With the Strategy Unit, what time frames were you looking at in the work you were doing then, the reviews of work and so on? Were you looking at longer time frames than that; rather than the blue-sky stuff, the more practical implementation and the longer-term planning? What time frames were you looking at there?

Dr Mulgan: First of all, I have never been comfortable with the phrase "blue sky" because it appears to be something way out there. Even on the issues which have to be thought about in a 30- or 40- or 50-year time horizon like pensions or climate change, the crunch is things which have to change right away. Every important long-term issue is also an important short-term issue and it is quite dangerous if the language implies otherwise. In terms of different policy areas, different timescales applied, partly in terms of the speed of action, something like Crossrail or major infrastructure by their very nature take a long time to design, to build and then to have economic effects. A curriculum change, like the proposals of the Tomlinson review, is fairly long. In many other fields such as policing practice or even drugs you can make changes fairly quickly if you want to. Given the uncertainties over efficacy, it would be unwise to tie everything down in a ten-year strategy; rather you want a broad direction and some ways to learn quickly in the light of experience. Part of the challenge in this whole area is that we are talking about lots of things changing on very different timescales and government needs to be smart about what the timescale of any particular issue is. One thing which has not been mentioned, which is another change for the machinery, is trying to ensure that there are better horizon-scanning mechanisms for spotting big new threats, things which could be very disruptive, whether it is a terrorist attack or an outbreak of SARS or something like that. One of the surprises for me, coming into government, was that those machineries were almost non-existent in the 1990s, which is why things like the BSE crisis were experienced as so traumatic. Since 2000 we do now have much better machineries in place, which are cross-departmental, which better scan for potentially disruptive threats and ensure that government as a whole is putting in place preventive, anticipatory, mitigating strategies to deal with them.

Q40 Jenny Willott: May I go back to the issue of blue-sky thinking? You and I clearly have different views on this. As far as I am concerned, there are issues which have to be dealt with now because they have extremely long-term implications, such as climate change and pensions. Then there are issues like education planning, health care and what long-term vision you might have and how you want the system to be in 30 years, 40 years, 50 years' time, which is not the same and you do not need to do something now to make that happen in 30 or 40 years' time. Are you saying that element of work, really out of the box, all sorts of weird ideas about what you might want to see in the long-term future, is not being done?

Dr Mulgan: In relation to the NHS, say, or secondary schools, it is certainly possible to have a vision of where things should be in 30 years' time. It is more useful to have a vision of where things should be in 10 or 15 years' time because newcomers are going to come along with their own priorities.

Q41 Jenny Willott: Not contradictory.

Dr Mulgan: The point I tried to emphasise right at the beginning—and this is where there is a gap—is that the public sector as a whole, government as a whole, even if it does not try to have a precise vision of the NHS in 30 years' time, does need to ensure that, somewhere in the system, innovation is happening to develop new models in fields like management of chronic diseases, use of genetic information, which mean that when we get there, we are ready with a wide range of options. I still think this is in some senses the glaring gap of how public administration is organised, that we do not have proper innovation strategies and those are the ways in which you ensure the right mix between those medium- to long-term visions of the kind you described and practical action today. If you do not have that innovation happening, you will not be able to achieve that long-term vision.

Sir Michael Bichard: I agree with that. Sometimes the first step is to start some of the research, the thinking which is necessary before you can produce your vision of the future. Take education as an example. I found it quite difficult as a permanent secretary to find persuasive research on the subject of how people learn. It seemed to me quite important

that we knew how people learned. One of the reasons why we spent so much time in this country over the last 40 years talking about the structure of our education system rather than the content and the substance is because we do not know much about those sorts of issues. If you want to start planning your education system for 30 years' time, one of the most important things is to be thinking about how people are going to learn in 30 years' time in an information society which may be completely different to the situation we have today. It is not for me to say whether that thinking is going on. I am sure someone is giving some thought to it, but I wonder whether we are giving enough time to that. I know you are not suggesting this, but if you just start blue-sky thinking about what education system you want in 30 years' time, what will happen is that you will start talking about the structure again rather than what is really going to go on inside that structure which is going to improve knowledge transference.

Dr Mulgan: My predecessor Michael Young had, 30 or 40 years' ago, a very clear vision of where education, health, might be in 30 or 40 years' time, but he felt the best thing he could do was to create in practice the embryos of what that future system could be which were things like the Open University, National Extension College, extended schools, helplines, colleges of health, all things which did take 20 or 30 years to come to fruition, but he had to do that outside government. No bit of the public sector or central government thought it was their job to ensure that there were the practicalities, the innovation which in a few decades' time would be useful. This year the Open University was judged by students the most satisfactory university in the country.

Q42 Jenny Willott: May I ask about the relationship between strategy and long-term planning and the actual delivery? My sister works in the NHS; she works in human resources in a primary care trust. This is just from me listening to her whingeing as my sister. She leads on Improving Working Lives and the Agenda for Change, both of which are long-term projects planned by the Government, which end up being dumped on the same people with the same deadlines and very little coordinated thinking centrally. At the same time as they are trying to achieve those, suddenly the Government announced that they are changing the role of PCTs completely and they are removing the delivery element and making them into commissioners, which could potentially undermine a significant amount of the work they have been doing on the other two projects over the last two or three years. There seems to be a bit of a clash between the long-term planning, which might be being done in government, and the realisation of the practical implications for delivery which that then has in the public services. How do you think that can be resolved? If you are looking within the machinery of government, how do you ensure that does not happen? Often, how do you prevent short-term political expediency interfering with the long-term vision? There is a knee-jerk reaction, something happens, something must be done and politicians come out with another idea without thinking about the people involved in delivering who might be in the middle of doing something which was decided four or five years ago and the politicians have forgotten about? How do you ensure that it does remain coordinated and you do not have those sorts of blockages and those problems?

Dr Mulgan: On that last point, it is for you the politicians to judge how politicians can become better at serving the public with fewer knee-jerk actions. Two answers to the rest of the question. First, in all strategy work I would certainly encourage the close involvement of frontline staff, the people who will have to live with it and a major wrong turn was taken in the 1980s when it became fashionable to believe that you should have completely separate teams of people doing policy and others delivering implementation. That was the whole fashion of the late 1980s and the 1990s and it had lots of damaging effects of which the experiences you describe are one. The second is that I hope we shall see Whitehall departments moving to a different sense of their role, which is more strategic, by which I mean more about setting broad direction, providing funding support and so on and much less meddling, much less micro-management, much less red tape, much less regular restructuring. There is far too much regular restructuring of systems and there should be simple rules on how often you can or cannot do that. Part of the intention of shrinking Whitehall head offices was to try to encourage a shift to a more strategic, less meddling micro-managerial approach to systems. It is quite difficult to do that when political media and other pressures are that if something goes wrong you need an immediate reaction. This is perhaps where you all have a bigger role to play in changing our overall culture, our expectations and not pretending that a secretary of state is responsible for every detail of what happens on the ground but has a more strategic responsibility for overall outcomes for the system of health or education or welfare.

Sir Michael Bichard: It is not just a government issue; it is an issue in any organisation. In the university I run at the moment, where we draw up a long-term strategy, in the past staff had not really been involved in that at all and therefore felt no ownership for it. Over the last 12 months we have tried to involve huge numbers of staff in thinking about the future and the ownership for that is now much greater. Clearly on a bigger canvas it is very much more difficult, but I do think that there are things in government which still could be done to improve that. I remember having a wonderful conversation with a permanent secretary of Treasury once, having spent two weeks running around trying to deal with a harebrained idea which had come out of the Treasury. I said to him that it would be a good idea to have someone in the Treasury who had actually had some practical experience of delivering in a school on the ground. He said "No, not at all. I don't want people who are informed by practicalities. I want people who are

blue-sky thinkers". My jaw dropped and I thought that there had to be a balance here which we could strike. You do need people who have some understanding of delivery involved in the longer-term thinking so that they can just bring that experience to bear. You also need the people who are out there delivering at the moment involved if you are going to get any ownership. One of the concerns I have, for example about the introduction of e-government within the health service, is that people have not been involved sufficiently in developing it. It is not sufficiently business led and a lot of people do not feel any real ownership for it and are not even quite sure what the business need is that it is addressing. That is the worst situation to get in with a strategy or a major investment policy like IT in health.

Q43 Kelvin Hopkins: Very smooth, articulate, clever, but I do not buy it. You talked briefly about politics and democracy, but my impression is that they are inconveniences and inside your magic circle you are very comfortable together; one clearly a political activist and one ostensibly a civil servant but both inside the magic circle, having made the same decision about the direction of our country, and democracy and politics get in the way. Is that not fair?
Dr Mulgan: I am way outside the magic circle now. I run a small organisation in East London and every now and again get invited in to grand places like this. I hope what I was saying was not describing a closed, technocratic, apolitical process. I hope we were both giving a more realistic account of the necessarily messy processes in which there are strong passions and interests and political argument and that they are none the worse for that. There is probably always a temptation in the processes which happen within large central governments for them to forget the sort of things you describe and become a bit technocratic and a bit cut-off. The French *Commissariat de Plan*, whose head is in London today looking at what can be learned from Britain, did often become very detached from public passions and probably therefore was less helpful as a result. I shall take your comment more as a comment than a question.

Q44 Kelvin Hopkins: I am trying to prove and find out whether my suspicion, my understanding, my observation is correct, that the direction of politics has been decided by yourselves and other colleagues and you have guarded that very jealously over a long time. The rest is making sure it all happens according to your particular view of what our political objectives and ideology should be.
Sir Michael Bichard: I am tempted to say that I did not come here to be insulted. One, I have never been called smooth before and I presume that related to Geoff not to me. Secondly, I have based the whole of my career on a belief in the political process and democracy and the belief that as a public servant my task is to try to produce the best advice I can and the best material I can to enable people to take decisions and to formulate policies. That is my central belief. What we have been talking about today is not how the decisions can be taken aside from the political process, but how we can assist the politicians in our society, whether locally or centrally, to be more involved in longer-term strategic thinking. I think that is possible. It also requires the politicians themselves to be more assertive in this respect and to demand a role in which they have sometimes been prepared not to become involved at all.

Q45 Kelvin Hopkins: You did rather give the game away earlier on in our discussion when you talked about securing a positive decision on tuition fees. That was a particular view.
Sir Michael Bichard: No; no; I am sorry.

Q46 Kelvin Hopkins: I voted against it.
Sir Michael Bichard: If you look back at what I said; I specifically said that whatever you think of the policy, the point was to enable that to be addressed. It could not even have been addressed a year or two years before an election. It was a matter for the parties to decide, in the light of the Dearing report, what they wanted to do. It did seem to me to be one of those policy issues which should not just be swept under the carpet for ever. The important point I was making there, and it has come up once or twice and I have thought about coming in once or twice on this issue, is that the way in which the strategic thinking is managed, the process is managed, to enable decisions to be taken is almost as important as the thinking itself.

Q47 Kelvin Hopkins: Even there you are giving it away. We could perfectly well have had a discussion about tuition fees and grants; I would have voted for keeping grants and no charging for tuition fees. The great majority of my party would have said they believed in free state education. That was not what was going to be put forward.
Sir Michael Bichard: It would not have been a very informed debate, would it, without being disrespectful? Lots of people do not know as much about the system as you do. What you had with the Dearing report was a piece of research, a piece of thinking which enabled that debate to be more informed. That is all I am saying.
Kelvin Hopkins: They could have chosen to have free state education and higher taxes to pay for it; that could have been part of the debate, but it was not part of the debate.
Chairman: I do not think we can get much further on this. I think we know what you are saying.

Q48 Kelvin Hopkins: The same theme really. Politics is about discussing real alternatives not just getting everybody in line behind a particular view.
Dr Mulgan: Many of the examples which have been raised this morning, like pensions and perhaps energy policy, are ones where there is not someone hidden away in central government who has the blueprint and is simply trying to secure consent for it. They are difficult choices, where most people who know a lot about it are quite uncertain about some of the dimensions of these choices. What we need are

better processes for clarifying what those choices are, precisely so that within political parties there can be well-informed debate which will stand the test of time.

Sir Michael Bichard: Surely politics in a democratic society are about passion in debate, about issues but preferably informed.

Kelvin Hopkins: I have said enough. I could pursue those themes, but I shall not now.

Q49 David Heyes: I want to get into the same territory as Kelvin, perhaps because I was a product of the Open University 25 years ago when it was accused of being a Marxist hotbed, so maybe that shapes my view of some of these things. I wonder whether the thing which is missing here is active political parties of the kind in the 1945 Labour Government. You said that the task of strategic thinkers, planners, was to provide a menu of options for politicians. It should be the other way round, should it not? That strategic thinking should be taking place in a political party context and you should be being presented with a menu of options which you work up in detail and work on delivery. Is that the missing thing? Is that what is wrong at the moment?

Sir Michael Bichard: You make a very important point, which we have not really covered. I should say that what we are saying is that some strategic thinking—horrible phrase—needs to be going on across the democratic process, which of course involves political parties, involves Parliament and, in terms of them giving advice, involves the Civil Service too. In each of those levels or places there is room for improvement. I agree with you; it is a well-made point.

Dr Mulgan: There have been times when the parties have played that role. The Labour research department under Michael Young in the 1940s was very good at generating lots of ideas and options. The Conservative research department under Chris Patten in the 1970s was also pretty dynamic. The problem is that it is not clear that today's parties have the resources to play this role. Labour tried it two or three years ago and created a future oriented think tank which has now been closed down. It is not obvious that they can pull in a wide enough spectrum of people and they also have the problem of deniability. It is quite hard for a political party to toy with more difficult and dangerous issues and in some respects the virtue of arm's-length task forces like Adair Turner's is that they can be criticised by ministers. You have the option of disagreeing with them, but if it is coming out under a party label, it creates a whole series of problems for you, the politicians.

Q50 David Heyes: My suspicion is that it is stopped by political parties' obsession with short-termism, media responses, pragmatism and so on. You might suggest that more outsourcing of policy making was the answer but the risk in that surely is that you are exchanging one form of producer interest, which in the Labour Party would be the trade unions' role in policy making, for another form of producer interest dominating policy making, the market oriented view of the world.

Sir Michael Bichard: It always depends upon how assertive and clear the client is, in other words the person who is specifying the work. If the political parties are clear about what they want, it does not matter so much where they are having the work done. Sometimes it has not been clear. Let us be clear: we do know that political parties have used think tanks on both sides over the last 10 years in particular to develop some of their thinking or at least have known that work was going on which they were sympathetic towards and were awaiting the outcome of, probably because it was easier to do it that way than it was to be seen doing it within the tent.

Q51 David Heyes: My feeling is that this issue of political parties failing to have a clear visionary agenda which determines policy making is at the heart of the disillusionment of the public with politics and politicians, but that is just an observation.

Dr Mulgan: That is something for you the politicians to sort out not us.

Sir Michael Bichard: We could not possibly comment, but we may not disagree.

Q52 Chairman: Was it not the performance and innovation unit which was the precursor to the Strategy Unit?

Dr Mulgan: Yes.

Q53 Chairman: It produced a very interesting report on social mobility, if I am right.

Dr Mulgan: Yes.

Q54 Chairman: I thought it was devastatingly good, but it just showed how difficult and politically difficult any serious commitment to a social mobility strategy was. Is the effect of that not to both illuminate the issue but guarantee that it should be parked somewhere by politicians?

Dr Mulgan: Publishing that report was something of a gamble. I thought it was a very important issue. I thought many of the facts were not widely known, for example, the fact that the USA is not a more mobile society than Britain and that many other European countries were more mobile than we were and how difficult in some ways some of the issues of mobility were. Despite it being quite a challenging report, over the succeeding four or five years, more and more ministers and cabinet ministers have started talking openly and honestly about social mobility, including the current Secretary of State for Education, and have tried to look again at their policies in the light of that analysis. That could easily have come from an outside think tank of academics; instead it happened to come from an organisation within government. That is the right sort of creative tension you need in thinking about the future and ideas. Some people have to put up challenging facts and analyses and it is then for politicians to choose whether they want to ignore it, bury it or actually

engage. On that particular issue politicians have engaged much more constructively than I thought was going to happen in fact.

Q55 Mr Liddell-Grainger: I am intrigued about this. One of your big problems with governing for the future is that departments themselves do not get on. There are turf wars; there are always turf wars. We have had permanent secretaries sitting in here and we can see the cracks. You cannot tell me that the departments all get on together. They want to make their little point, they want to control their whatever, under that secretary of state, whatever. You made the point that the average life of a permanent secretary is somewhere over 18 months. They are going to continue to guard their territory. One of the reasons that the Strategy Unit was set up was to try to coordinate, over and above the departments, some form of lateral thinking, was it not?
Dr Mulgan: Very much so and the vice of the departmental silo model, which Britain adopted for its government and most other governments adopted, is that you get lots of turf fighting, lots more energy going into stopping other departments doing things than you do into pursuing the national interest or the role of government interest. Many of the machineries we are talking about here like strategy units, social exclusion units, cost-cutting spending reviews, are attempts to try to counteract that and to get government to think more corporately. There are quite a few other things you could do in relation to both our ministers' work and senior officials' work and interchange and so on to go further down that road. One model for a committee of the future exists in the Finnish Parliament; the Finnish Government has largely restructured itself to escape from departmentalism with a small number of overarching strategic priorities which then drive the organisational and functional departments. It could be that is where, medium term, the British structure should go to reduce the phenomena you describe.

Q56 Mr Liddell-Grainger: Is that your think tank suggestion?
Dr Mulgan: I have long been in favour of moving away from what I see as essentially a century old approach to departments, which is no longer efficient or necessary in the era of information technology.

Q57 Mr Liddell-Grainger: So the permanent secretaries go, it becomes top heavy, controlled by the Cabinet Office straight down.
Dr Mulgan: Not at all. The pioneering work has been done by local government in this country which has been much more innovative than central government and in a number of different authorities has created overall leads on broad issues which could be children or ageing or climate change and then they ensure that the functional delivery departments are a tier lower in terms of the seniority of both the officials and the ministers.
Sir Michael Bichard: This is the problem we have which is that we do organise around functions still. I absolutely agree with you; one of my great criticisms of the Civil Service and government of this country is that there is very little joined-up thinking, partly because all the pressures are against it, you build up your empire and you defend your empire and you are regarded as a good secretary of state or a good permanent secretary as your empire gets bigger so you try to take over other empires. It is all on a functional grid and it is right that local government in particular has started organising a bit more around issues. If you want real strategic thinking, it is around the issues you are getting not around departmental functions.

Q58 Mr Liddell-Grainger: Do you feel the power of local government has been stripped by Whitehall? More and more seems to come from Whitehall; it is a very direct control. I can give you an example. We got the Cabinet Office departmental book. You have seen it. In it there is a chart of all these different units. In fact we had John Hutton here and there was one he did not know about. The only reason we knew about it was because the guy had gone to Geneva to pick up an award. Are there too many units within the centre controlling—
Sir Michael Bichard: I take a different view. I do not believe that you change government by setting up central units. You change the behaviour of different departments by focusing on how they are valued, structured and behave. What you have at the centre are what I should call centres of excellence which are stimulating, supporting, sometimes challenging. I have never felt that you could change the behaviour of departments by setting up, for example, a delivery unit. I think delivery units do some excellent work, but if you want to get departments focused on results and outcomes, you have to change the way in which you train, develop civil servants, the way they are rewarded and recognised and all the rest of it. You do not do it from the centre.

Q59 Mr Liddell-Grainger: Which neatly brings me on to 21 November. You attended a meeting which was sponsored by Public Finance and Deloitte.
Sir Michael Bichard: That sounds pretty threatening.

Q60 Mr Liddell-Grainger: Nothing like that; it is quite safe. You were not seen in a dodgy restaurant or anything like that; you are perfectly safe. The headline is "The professionals are coming". Is that not the whole crux of this? I look down the list of people who attended. To be honest this is a highly impressive meeting of incredibly capable people. Is that not the whole crux of it, that it now has to stop being a sort of Sir Humphrey and become a highly professional organisation, external people being brought in, strategic thinkers, a really radical, complete break-up of the Civil Service and a rebuild?
Sir Michael Bichard: It needs to be significantly reformed. I kept saying that while I was there and I have said it since I left. I agree with you. The worry I have about this term "professionalisation" is that

every time I come across professionalisation it is used as a way of excluding people rather than including them. It is an odd thing for the Civil Service suddenly to start talking about professionalisation when the rest of the world is trying to deal with the negative impact of professionalisation. One of the serious concerns I have and Gus O'Donnell is well aware of this as a danger, is that if you professionalise the delivery arm, then you professionalise the policy arm, then you professionalise the expert arm, it is going to become more difficult to have movement between them and more difficult to ensure that you end up with people at the senior levels who have real experience of delivery and policy. That is what worries me. The policy elite within the Civil Service are cunning people and they are very good at protecting their position and keeping those who are regarded as managers or deliverers away from the most senior posts. I want to see a Civil Service which has got people at the top with a real mix of skills: policy, strategy, creativity and delivery and operational management.

Dr Mulgan: I agree with that and I oppose going too far towards a professionalised strategy cadre for exactly the reasons Sir Michael gave. Around the management of information technology, money and people, there are very strong arguments for professionalisation and reliance on amateurs running these very important functions was bad for the Civil Service and bad for the country and it is right to try to professionalise that. To over-professionalise implementation and policy and therefore to exclude practitioners and the wider public has been tried many times in the past in other governments and big companies and it nearly always goes wrong.

Q61 Mr Liddell-Grainger: Are we not seeing it go wrong now? Number 10 is desperately trying to keep everything here so there are all these units, Lord Birt hiding up a staircase in a room and we cannot get at him. We are being closed down. You say that Parliament should have a wider role but we cannot get at the people. Is this not the problem, that it is a black art, it is being held up? A guy called Mike Turley is the Deloitte partner in charge of local government and he says "You have to break the organisation down into manageable units . . . being able to manage your human capital on the basis of a common currency is very valuable capital". Does that not sum it up? You actually have to break it down so that people are accountable at a much higher level, so you create government which is open and if you want long-termism, that is the only way you can do it, is it not?

Sir Michael Bichard: I have this quaint idea that if you work in the public sector you should be accountable.

Q62 Mr Liddell-Grainger: We all love that.

Sir Michael Bichard: I hold that view as strongly as I hold the views about memoirs that you put to me earlier. On the other point you make, it is very dangerous if the sort of thing we have been talking about this morning, strategic thinking, is seen as a black art. What we have both been saying is that strategic thinking happens when you involve a wide range of people with different experiences and approaches, because every strategic issue is a function of connectivity and it should not be a black art and it should not be done behind closed doors and public servants should be accountable.

Dr Mulgan: On your point on units, in my view the centre of government, Number 10, Cabinet Office and Treasury, certainly does need some people who are taking an overview on strategic direction, management of money, IT, communications and the limited number of functions you have to have in the centre of any government. Beyond that I would have very little in there. You do not necessarily need those to be organised in units, there are lots of different ways it could be done and the Cabinet Office in the past, over the last 20 years, has repeatedly proliferated units which often were quite useful for a short period of time to get some change underway, but then proved hard to close down.

Q63 Mr Liddell-Grainger: I think you hit the nail on the head when you mentioned Chris Patten in the 1970s. I do not know who the Labour thinker was in the 1970s who ran their unit but they were very predominant, they were the thinkers within and then it went into the Civil Service. These are controlled Civil Service units within Number 10 which are not accountable, which we cannot get at. You did come to us and so did Barber and I think it was Thompson, but it was very tough to get the information we required. Surely we should get back to the days of free political thinking.

Dr Mulgan: We would both generally say that if someone is serving the public they should be accountable for what they do.

Q64 Mr Liddell-Grainger: One last very small question. When you were in delivery did you ever come across a project called True North?

Dr Mulgan: No.

Mr Liddell-Grainger: That is all I wanted to know.

Q65 Mr Prentice: Are there issues which are suitable for public consultation, learning from the public? You mentioned your neighbourhood policy. Are there some issues which are just a bit too difficult where the public may not be that well informed? I am thinking here about GM crops, I am thinking about stem cells. Are there categories where both of you would consider that it would be inappropriate to involve the public and let the public determine the way in which policy was put together?

Sir Michael Bichard: Ultimately the public elects people to take difficult decisions, so it is not ultimately determining. My view is that, outside of maybe some security issues, the public should be involved and informed in debate. Take GM: it is really important. They all have views, whether you involve and inform them or not. The more we can develop a society where people understand the issues the better. The role of people like me when I was a permanent secretary or the government scientist is

really to try to articulate these complex issues in a way that more and more people can play a part. That is what good professionals do, that is what good civil servants should do: take a complicated issue and present it and communicate it in a way which enables as many people as possible to play a part in that debate.

Dr Mulgan: All these processes are simply about advice to ministers so they have a better understanding of how to make decisions. There is a question around what sort of issues are good for referendums and generally issues like stem cells are not very well suited to having referendums for all sorts of reasons. You could say the euro is not a very good issue on which to have a referendum because the number of people who really understand the issues around the euro is arguably quite small, but that is a matter of debate. What the GM exercise showed was that even on pretty complex issues involving lots of ambiguous views of the science or the ethics and the economics, if members of the public are taken through a process which gives them the time, the chance to think and deliberate, they come to pretty sensible conclusions on almost any issue. This has been the experience with a lot of issues around bio-science as well, not only in this country. My bias would be towards having more processes of that kind because public opinion is going to be a material fact in political decisions whether or not these things happen. The more we can do to ensure that public opinion is well informed and has had a chance to deliberate rather than being influenced by tabloid headlines, the better.

Q66 Chairman: Why do you think we have stopped having royal commissions? That was the traditional British mechanism for thinking about future issues.

Dr Mulgan: There have been some royal commissions: care, and the one on environmental pollution is still going. In some ways they have failed some of the tests which we have been describing. The idea that simply putting a bunch of the great and the good together around a table will get you to the right and legitimate answer no longer works today for quite a few reasons. One is that it is not clear whether they would use the right methods for analysing a problem. Second, it is not clear that the public will see their views as legitimate just because they are great and good and that is why we need much more expansive and inclusive processes than in the classic royal commission. That said, perhaps an updated or modernised variant of the royal commission might be quite a suitable way of dealing with some issues.

Q67 Chairman: You mentioned the Royal Commission on Environmental Pollution, which is a curious thing. It was set up as a standing royal commission. I am not sure that it has the salience now that it perhaps ought to have. I wonder whether a better model would not be a generic futures commission which would be tasked with the job of looking at a range of issues to do with the next generation, the future, independent from government but funded by government, because government have accepted that it is a thing which ought to go on, but would have the job of stimulating public debate and argument about these things and perhaps wrap up something like the Royal Commission on Environmental Pollution into such a body.

Sir Michael Bichard: It is an attractive option, but if it is going to be worthwhile, then it has to be listened to and it has to have some impact and influence on the debate. We talked earlier about maybe a futures select committee. My sense is that that would have a better chance of using its networks and influence to ensure that its discussions were taken seriously and it could actually be supported by something like the kind of thing you have just referred to. My gut reaction is that if you just set it up entirely free-standing it will very quickly become dismissed as being full of blue-sky thinkers who are completely disconnected from reality and no one will listen. One of the problems with royal commissions, and my small contribution may not be right, is that some of them just got carried away and became so complicated that they were producing things that politicians could not use and act upon. The small experience I had with an inquiry a year or so ago was looking at how inquiries operated generally and one of the reasons that an inquiry has not been as effective sometimes as one would want is because they just produced so many recommendations and made it so complicated that it was actually difficult to focus on the small number of really key things which ought to change as a result of their work.

Dr Mulgan: My final point links to the previous comments on politics. Any of these machineries ultimately only works to the extent that they fit with ultimate political authority and decision making and that is why this Government has used a lot of different methods from commissioning one-person reviews like Wanless, to the Turner commission which was four people, to royal commissions, to much more internal processes. Often which mechanism is used depends on political judgments about how open or controlled or what timescale is appropriate. A one-size-fits-all solution simply may not sufficiently fit day-to-day political realities and the client's needs.

Q68 Kelvin Hopkins: Is it not simply that royal commissions tend to come up with answers which Downing Street does not like? The Royal Commission on Long-Term Care recommended free long-term care paid for out of taxation, which would have cost £1 billion a year, one third of a penny on the standard rate of tax or however you wish to pay for it, but Downing Street did not like it and therefore they do not want to set up any more royal commissions because they might come up with similar answers. That had 80% popular support, by the way.

Dr Mulgan: That particular royal commission was divided. There was a minority report by three of its members and in some ways the royal commissions are the alternative to the political processes you were recommending earlier. Putting things to non-political great-and-the-good experts is an alternative to doing things through political argument.

Q69 Mr Prentice: Is it possible to see the future? We have organisations like the Henley Centre for Forecasting and you were talking about horizon scanning and so on. Are there organisations out there which can actually map the future, clearly not in the long term but in the near term, which we can learn from?

Dr Mulgan: I have always been very wary of using words like "forecast" or "predict", anything which gives the appearance of certainty. There are some things which you can have reasonable clarity on like demography, though even demography figures are regularly adjusted looking forward 20, 40, 50 years, or indeed with some of the roll-out of big generic technologies you can have a reasonable picture of 10 or 20 years. Many of the processes we have been talking about are not about trying to predict the future. They are about trying to make sure that decision makers today have a better understanding of the many different possible futures which they will be operating in, and that their decisions are as robust as possible against a range of different futures, rather than the wishful thinking which is often characteristic of governments and parties and human beings, where we want to believe in a particular future which will make our policies work. All these mechanisms are in some ways counter to that pull of human nature to make us face up to realities which otherwise we might want to ignore.

Sir Michael Bichard: That was the last point I wanted to make. Sometimes it is possible to be reasonably certain about what is going to happen, or to think you are at least. Sometimes you can be certain that you cannot be certain, that actually what is going to happen is very uncertain and there is a large number of different possible scenarios. It is perfectly legitimate to come to the conclusion then that your forward planning should be about maintaining some flexibility to deal with a very uncertain environment. That is what public management is sometimes about, it is what any strategic planning is sometimes about: God knows what is going to happen, there is a whole range of alternatives, we just need to be flexible and not close down our options too soon.

Chairman: Do you remember a generation or so ago that we were all taken up with the idea that the impact of technology was going to be unemployment on a scale we had never seen before and what on earth were we going to do with all this leisure time we were going to have and so on and so on? If we had in a sense set up a strategic task force to deal with that we should all look a bit silly now. It is rather like Keith Joseph, do you remember, saying that he was absolutely certain that colour television would never catch on? We have to be rather careful about this. Thank you very much indeed for an interesting session and for informing our thoughts and our inquiry greatly. Thank you again both of you.

Thursday 26 January 2006

Members present:

Dr Tony Wright, in the Chair

David Heyes	Julie Morgan
Kelvin Hopkins	Mr Gordon Prentice
Mr Ian Liddell-Grainger	Jenny Willott

Witness: **Mr Stephen Aldridge,** Director of the Strategy Unit, Cabinet Office, gave evidence.

Q70 Chairman: Good morning, everyone. Can I welcome Stephen Aldridge, who is the Director of the Strategy Unit. As you know, the Committee is doing an inquiry into, we call it, Governing the Future, strategic thinking within government, and we are delighted that you are able to come along and see us about this. We had put in a bid for Lord Birt at one time, but we were directed instantly towards you and denied Lord Birt, but in no sense are you second best, we are delighted to have you. I think you were Acting Director at that point and you have now become Director, so you are the man and I am sure you will be very helpful to us. Would you like to say anything, by way of introduction?
Mr Aldridge: No. I said I would be happy to go straight into questions to cover the ground.

Q71 Chairman: Thank you very much for that. You are a career civil servant, are you not?
Mr Aldridge: Correct.

Q72 Chairman: Your predecessor became a civil servant but was originally a special adviser, therefore his political position was really rather different. Just thinking about this, I wonder whether it was a good thing or a bad thing to have the head of a special unit who was a career civil servant? The reason I ask the question is that thinking strategically about future policy issues is merely a technical exercise, yet in fact it is highly political, is it not, because it is shaped by the kind of future that you want to have as well as the one that you think you might be going to have? I am just wondering whether this is an uneasy role, or a sensible role, for a senior civil servant?
Mr Aldridge: The previous Director of the Unit, Geoff Mulgan, was in that capacity, also a civil servant and therefore bound by exactly the same sorts of rules and constraints as others on that.

Q73 Chairman: His history was as a special adviser at Number 10?
Mr Aldridge: Indeed, but in strategy work, in determining the advice you give, there are perhaps three considerations, that determine the issues you look at, what it is that determines your approach. One part of that may be picking up issues of concern to the public, and that should inform the range of issues that you look at; another will be political values and a third will be a more objective, rigorous analysis of the problems that you face, what causes them and what is the range of options for dealing with them. What I think the Strategy Unit can do is help particularly in that area around rigorous analysis and the deployment of evidence in support of strategy and policy. Ultimately, of course, it is for ministers to decide the political values that determine their goals and the trade-offs that they make between them. I think you can make a good separation of functions and I do not see why a civil servant, or indeed someone from another background, cannot play that role.

Q74 Chairman: We may explore that a bit further, but let me ask you some initial questions about how the system works. There are about 70 of you, are there not?
Mr Aldridge: At the moment, we are about 50, 55.

Q75 Chairman: You are a very large unit, certainly in historic terms and thinking about people at the centre, certainly compared with Heath's Central Policy Review staff, back in the seventies, which I think was about 20-odd, so there is quite a large number of people engaged in this. Who commissions your work?
Mr Aldridge: Ultimate decisions about our work programme are determined by the Prime Minister but, in deciding priorities for our work programme, we consult with policy advisers in Number 10, we have various suggestions for new work that come to us from departments and, in some cases, work we do to review the challenges and opportunities facing the UK through, for example, our Strategic Audit work will identify issues that might be suitable topics for work by the Strategy Unit. The subject areas come from a number of sources but, ultimately, decisions are taken by the Prime Minister.

Q76 Chairman: Really you work for the Prime Minister?
Mr Aldridge: Correct.

Q77 Chairman: Is that a good thing, do you think; why do you not work for the Cabinet?
Mr Aldridge: We have a sort of dual role, consistent with the Cabinet Office objectives. Yes, on the one hand, we have a role in supporting the Prime Minister in developing strategy, we provide him with an analytical capacity to get to the roots of problems and their causes, we provide a strategic capacity to try to clarify goals, possible trade-offs between them and what measures might be taken to achieve those goals.

Chairman: Yes, I think I understand that.
Mr Aldridge: We have a second function, which is about helping departments develop more effective strategies and policies and helping departments build their strategic capability. In that capacity, much of the work we do, though ultimately commissioned by the Prime Minister, is undertaken jointly or in close collaboration with departments.

Q78 Chairman: The Prime Minister is ultimately the commissioner of all your work?
Mr Aldridge: Yes.

Q79 Chairman: Therefore you deliver your reports to the Prime Minister?
Mr Aldridge: Yes, ultimately, but in many cases, if we are doing a piece of work jointly with another department, it will be to the Prime Minister and to the relevant secretary of state. Reports will go as necessary to cabinet committees or whatever collective forum is needed.

Q80 Chairman: They always do go into government, in some way, do they, and they are considered by government, in some way?
Mr Aldridge: Yes.

Q81 Chairman: In all different ways?
Mr Aldridge: Yes. It will depend on the nature of the work. Again, for example, if you have looked at the sort of work that is on our website, some of our work will certainly take the form of published reports that are statements of government policy. Equally, our work may contribute to White Papers and some of our work consists of more open-ended discussion papers. I think there was a discussion at one of the previous meetings of this Committee of the work we had done on social mobility. That did not lead to any policy conclusions, it was a piece of work which was done to raise the profile of an issue, facilitate better understanding of an issue and obviously informed consideration of that issue across government. Different pieces of work lead to different outputs and are considered in different ways.

Q82 Chairman: When I look at the list of the work that you have done, and it is a very varied list, what I could not quite understand was why you were doing some of it, because some of it—I do not want to give you a long list—seemed directly the kind of stuff that strategic people inside departments ought to be doing, it was not cross-government stuff, it was straight policy. That would be one question. The other one, allied to that, is why do you undertake some of these strategic inquiries and why does government in other cases farm it out? Why do we set up commissions to look at all kinds of things, pensions, for example, recently, but many other examples too? Amongst all these different models of inquiring into the future, where do you sit?
Mr Aldridge: I think it is important to emphasise that inevitably our role has evolved over time. When the Strategy Unit was created—originally it was something called the Performance and Innovation Unit, set up in 1998—in general there were relatively few strategy units in other departments. As strategic capacity, capability, across Whitehall has developed since that time so inevitably our role has changed. As I was saying previously, increasingly we will be doing our work jointly with the relevant departments, sometimes with their own strategy units, or equivalents, or with other parts of the department. Why is there a necessity for a Strategy Unit, why are we doing the things we do rather than departments? Part of that goes back to my answer to the previous question, that there is certain support that any prime minister of the day may need, in terms of analytical rigour. The Strategy Unit is perhaps in a fortunate position that it does not have many day-to-day responsibilities and therefore can step back a bit from the events of the day, the immediate crises, and offer perhaps a more considered view to the Prime Minister and Number 10 than might otherwise be possible.

Q83 Chairman: It is a confused and crowded field, is it not? Why does the Prime Minister, do you think, in addition to you, have another strategy adviser who also issues reports; latterly, Lord Birt? Is not all this rather confusing?
Mr Aldridge: No. Lord Birt was Strategy Adviser in Number 10. The reports that he worked on were generally supported by the Strategy Unit, so there was a co-ordination of effort in the sorts of projects and reports that he produced.
Chairman: I am sure that colleagues will want to explore that.

Q84 Mr Liddell-Grainger: Can I follow on from the questioning that Tony started. You go in to sort out failing departments, you take up the problems that they cannot sort out; you take them on because nobody else does. I have been looking through a list, and Tony is right, this is the Strategy Unit Impact Tracker, a wonderful piece of double-speak, and there are all these things you have done. You are just covering up the cracks in the messes of other departments?
Mr Aldridge: I do not think we are there to deal with failing departments. We are there to have a positive role in bringing a more strategic approach to policy-making. It may be worthwhile saying just a bit about what we mean by good strategy. Good strategy will involve very rigorous analysis of the problem or issue that you are dealing with and developing an understanding of what causes it. It is about making sure that the goals behind a particular strategy policy are clear and that the trade-offs are understood, that you properly explore what is the role of government in achieving those goals and that you have got a set of soundly-based, practical policy measures for achieving them. The Strategy Unit is in a good position to help advance good strategy because of the sorts of people we are able to recruit. It is an unusual mix of people in the Civil Service and with a Civil Service background, so everyone in the Unit is on Civil

Service rules. We are particularly well placed to take a cross-cutting perspective, so we can look across departments and think about how best to develop strategic capability. Because we bring in people from departments, and we work jointly with departments on our projects, we are able to help build capability in the departments concerned. There is a whole series of ways in which, through working jointly with departments, we are able to support them as well as to advance the wider strategic objectives that the government has.

Q85 Mr Liddell-Grainger: These departments have civil servants coming out of their ears; they are all career civil servants. Looking at the Strategy Unit reports, just the first page, the London Project Report, that should be entitled 'Stuff the Mayor'. The next one is the Chances of Disabled People; that is Health. The next one is employment; that is Employment. The next one is Social Mobility—Health. The next one is sustainable future for UK fishing—Defra. The last one—I am reading just from the first page—Changing Behaviour; that is social services. All of these, you are papering the cracks?
Mr Aldridge: Actually, all of those are good examples of cross-cutting issues, so disability touches on issues of labour market policy, health policy, education, social mobility, again touches on a whole range of different policy areas. Those are areas perhaps where we are particularly well placed to make a contribution and bring a more strategic approach, and a more strategic approach will lead to a more cross-cutting set of solutions than perhaps the more conventional, silo-based policy-making would produce.

Q86 Mr Liddell-Grainger: When we first looked at this, which seems like a lifetime ago, there was a 'blue-sky' strategy, there was the Delivery Unit, there was an enormous amount of units; what has happened to all those other units?
Mr Aldridge: There was a period during which something called the Forward Strategy Unit existed alongside the Performance and Innovation Unit; they were brought together and consolidated in a single Strategy Unit in 2002. The Strategy Unit is the only unit to stay the course.

Q87 Mr Liddell-Grainger: The only unit left?
Mr Aldridge: There were only ever two, but, yes, we are now the single unit.

Q88 Chairman: When you say the Forward Strategy Unit, you would not have a Backward Strategy Unit, would you?
Mr Aldridge: Indeed.

Q89 Mr Liddell-Grainger: Lord Birt was a strategic thinker, that was his idea, was it not, he was to come up with strategy for the future, etc? He has gone without coming before us, which is a great shame. You have taken over that role totally, so you report directly to the Prime Minister?
Mr Aldridge: I report to Sir Gus O'Donnell.

Q90 Mr Liddell-Grainger: Ultimately to the Prime Minister; so all the systems now come through you, but you are not Communications, are you?
Mr Aldridge: No.

Q91 Mr Liddell-Grainger: That is still somebody else. Everything else is now through you directly to the PM?
Mr Aldridge: That is correct, but just to clarify it, the Strategy Unit is based in the Cabinet Office and, yes, we cover strategy, but of course there is also a Policy Directorate in Number 10.

Q92 Mr Liddell-Grainger: Who heads the Policy Directorate?
Mr Aldridge: David Bennett heads the Policy Directorate.

Q93 Mr Liddell-Grainger: What is his staff; do you know how big it is, by any chance?
Mr Aldridge: It is nine or ten.

Q94 Mr Liddell-Grainger: They report directly to the Prime Minister again?
Mr Aldridge: Yes.

Q95 Mr Liddell-Grainger: Their responsibility is; how would you define them?
Mr Aldridge: They provide day-to-day policy advice to the Prime Minister whilst the Strategy Unit is focused on the strategic, on the medium to long term. Whilst they deal with the more day-to-day advice, there has of course to be a meshing of our work programme with their concerns and priorities.

Q96 Mr Liddell-Grainger: The guy who heads the Directorate, is he a career civil servant or is it a political appointment?
Mr Aldridge: It is a political appointment.

Q97 Mr Liddell-Grainger: Out of the nine or ten, do you know how many of them are civil servants? If you do not know, just say so.
Mr Aldridge: I think, roughly, it is half and half.

Q98 Kelvin Hopkins: In the days of Geoff Mulgan, my immediate assumption was that the Strategy Unit was simply a group of hand-picked, prime ministerial clones, driving a right-wing liberal ideology. I may say, I do not think that now, having read the papers.
Mr Aldridge: It has always been a Civil Service unit.

Q99 Kelvin Hopkins: Even when Geoff Mulgan was there?
Mr Aldridge: Yes.

Q100 Kelvin Hopkins: I can believe it in your case, but I would have to be persuaded about Geoff Mulgan. 'Strategy' has a big sound, but looking through the list of subjects that you have dealt with

and produced reports on they are some way from the core of what policy is about. The reports are useful, but they are about help for children, about alcohol problems—all interesting, and I am interested in them myself, but they are not actually at the core of what the government is about. Is that fair?

Mr Aldridge: That is true of some of them. Again, over time our role has evolved and currently we are supporting work, for example, on the Energy Review and we have done work in the past on schools, for example. Certainly we have done work in areas that would be considered core as well as important but maybe not such a high priority.

Q101 Kelvin Hopkins: Given that you are a sort of think tank, would it not be more appropriate for you to work to the departments responsible for the subjects you are researching, so that they could plug into your unit when they wanted a special bit of work done. You would provide it to the Department, for the minister and thence to Cabinet? That is how it would have worked in the past.

Mr Aldridge: In fact, we do play that role, as well as being available to support the Prime Minister. Examples: we are supporting the Energy Review by making available three people to work in DTI on their Energy Review Report. We were asked recently by ODPM to support them in producing a White Paper on local government that is due in the summer. Because we are also responsive to suggestions for new work put forward by departments, we can undertake projects collaboratively with departments, I think for exactly that remit. Equally, there may be occasions when we need to provide analysis and strategy advice more directly to the Prime Minister, as well as working on projects proposed by departments.

Q102 Kelvin Hopkins: I have worked most of my life before Parliament in policy units, in effect, so I know that when someone at the top has decided something and one is providing reports which are not very supportive one just gets marginalised. Let us take energy, for example. You have got something down here, you have done some work on alternative energy, and from what I understand, if we invested the same amount we could get twice the amount of energy from alternative energy than we could from nuclear. But someone at the top has decided that we are going to have nuclear. One comes up with a report saying, in terms of energy, we would do just as well, or even better, with a nuclear strategy but somebody higher up has said, "No way". Is that how it operates?

Mr Aldridge: No. I think we are genuinely challenged to bring analytical rigour and an evidence-based approach to the work we do. On energy, yes, there is a review going on but that is going to be no less rigorous and evidence-based than the previous energy review. It is true, previously we have done work on energy and that pointed to, for example, the case for increased investment in energy efficiency and in renewables to meet a range of energy policy objectives. That same review, which was published in 2001, also identified the range of factors which might cause one to revisit the energy strategy we have, so it highlighted, for example, that if there was slow progress in the liberalisation of energy markets, or if we entered a period of higher energy prices, it would be necessary to revisit the strategy, and that is exactly what is happening. Indeed, it is good practice, in the light of new information, new developments, to have strategies which can respond and evolve in the light of changing circumstances.

Q103 Kelvin Hopkins: To take another subject, alcohol is an area about which I know a little myself. I should qualify that by saying I was Chair of the All-Party Group on Alcohol Misuse for five years. We tried for years to get the government to come forward with an alcohol strategy and it was held back. Yet we have an alcohol crisis in this country now, with deaths from cirrhosis going up, with crime and disorder on Saturday nights. The rest of Europe is going in the other direction and we are going in the wrong direction. Clearly, your Strategy Unit and this rigorous analysis and policy approach has not been very successful in persuading the government to see things differently?

Mr Aldridge: We did a report on alcohol harm reduction. I think that report was quite successful in flagging up the magnitude of those harms. I think it estimated that harms associated with alcohol misuse amounted, I think it was, up to £20 billion a year. That analysis, I think, was quite successful in raising the profile of the issue, raising awareness that this was something that one needed to be concerned about; also it did come forward with a range of, I think, practical measures, health measures, crime and disorder measures, for addressing that. Of course, there may be issues around delivering implementation; as with any strategy, there may come some point where you need to revisit it in the light of new information or events. I think it did help raise the profile of that issue and begin to move policy in the direction that you are suggesting.

Q104 Kelvin Hopkins: Then the government introduced 24-hour drinking?

Mr Aldridge: Also it introduced various sanctions and penalties to deal with alcohol misuse, so that the liberalisation was accompanied by a more effective way of dealing with any adverse effects.

Q105 Kelvin Hopkins: You talk about rigorous analysis, and if you, your Strategy Unit, looked at two areas, I should say you would come up with conclusions which everybody would say were sensible. I am sure, if you were rational, you would say that railways privatisation has been an expensive disaster. Everything costs four or five times as much as it did, we have got the most expensive railways in Europe and they do not really work very well. Should not the Strategy Unit be saying to the Prime Minister "Privatisation has

been a disaster; bring the railways back into public ownership," because that is what everybody wants and that is what is rational?
Mr Aldridge: We have done work on transport in the past, but actually that stepped back a bit more to try to ask about what our objectives were and what was the best way of meeting those objectives, so we have looked at not just the supply side, the role of the railways, the role of the road system, we also did quite a bit of work looking at the demand side, how you deal with congestion, particularly, on the roads, for example. I think the work we have done on transport, as in other areas, has involved stepping back a bit to look at the broader picture, what the problem is, what are the different ways of tackling it and then coming forward with options in a range of areas for dealing with it. So, in the case of transport, tackling under-investment, thinking about appropriate governance structures for a transport strategy, a rather broader view.

Q106 Kelvin Hopkins: A lot of the options, the sensible ones, are the sorts of sensible things that the man, and woman undoubtedly, on the Clapham omnibus would come up with, just reading the newspapers, but the government is resistant to them. As the Strategy Unit, surely you should be advising the government and saying "This is what's sensible; why don't you do it?"
Mr Aldridge: That is true, but sometimes the right measures may not be immediately acceptable, and there may be a role for the Strategy Unit, or indeed others, in providing a clear analysis of what the problem is and what action is needed in order to make it easier for policy changes to occur. I think people today might say, based perhaps on the London experience, that some form of congestion charging is a very sensible way of helping to deal with some aspects of the transport problems we face, but that perhaps was not apparent before that congestion charging was introduced. Analyses that can help explain perhaps why difficult policy measures will be of benefit might actually make it easier to move policy in the right direction. I think that is where we can help, but I am not saying that we can completely overcome political or other challenges that you may face, but it may make the task a bit easier.

Q107 Kelvin Hopkins: Any strategy unit worth its salt, if it is going to be objective and rigorous, should have different voices within it, people saying different things. How many people from what government would regard as the 'awkward squad', people like me, who would actually write down or say "This is the logical thing to do," how many real arguments and debates do you have within your Unit? Do you provide uncomfortable papers for the Prime Minister to read? Or indeed, are the awkward squad, these difficult, argumentative, disagreeable people, combed out before you get started?
Mr Aldridge: Certainly, as a Unit, we are very diverse, I think, in the range of people that we recruit. As I said, about half of us are permanent civil servants; the other half will come into the Unit on fixed-term contracts, all on secondment, again bound by the Civil Service rules, and they will have a variety of backgrounds: private sector, academia, NGOs, local government, we have people from overseas. There are varieties of viewpoints and backgrounds.

Q108 Kelvin Hopkins: People, in that case, can have the same ideology, they can have the same view?
Mr Aldridge: Indeed; and that is not the only way in which we seek to gather different viewpoints. We work very closely with departments. We try to be very open in our engagement with the wider world. In the past, when we have done projects on things like urban regeneration, or when we did our work on disability, we brought in people from the front-line to work on our project teams and to test out whether the ideas we were coming up with were actually going to work, in terms of front-line delivery. I am not saying that it is perfect, but we do try to be open, we do try to listen to a variety of viewpoints.

Q109 Chairman: You were talking about congestion charging. It is interesting, because there was a committee in the 1960s, was there not, which recommended road pricing, which reminds us that there are issues about the reception end of things and the politics of it which matter hugely?
Mr Aldridge: It may be that good analysis, a good, clear and compelling statement of what a problem is and why a particular solution may be helpful, can actually help you move in what may be the right direction.

Q110 Chairman: But it may take 40 years?
Mr Aldridge: Hopefully, good strategy will accelerate that.

Q111 Julie Morgan: Do you have any constraints on what you make public, about what you find out?
Mr Aldridge: Clearly, there are some. There is some advice, some of the work we do results in confidential advice to ministers and clearly that will not be published. In the main, if you look at our website, if you look at the publications that have followed other work that we have done, White Papers, Green Papers, the great majority of what we do, in some form, at some stage, does end up in the public domain. Before something is published we may well have had quite extensive engagement with various stakeholders within Whitehall, and indeed beyond.

Q112 Julie Morgan: We have got a long list of reports here. Are there any reports that were not published, that you did a lot of work on but were not actually published, for whatever reason?
Mr Aldridge: There may be one or two, but really not very many at all.

Q113 Julie Morgan: For what sorts of reasons would they not have been published?

Mr Aldridge: If they were exploring issues or options for ministers to consider. There are certain issues where you need to give ministers space to explore options and consider ideas. There have been a few reports in that category.

Q114 Julie Morgan: Have you ever come up with a set of proposals that have been politically rejected before you were able to finish the work or publish them?
Mr Aldridge: Not politically rejected; all pieces of work or projects will evolve as you go forward, indeed as you learn and as you discuss. I think it is less that reports are rejected but more that they may evolve as you learn more and as you engage with stakeholders. Sometimes, some of the issues you work on, some of the options for dealing with them that you identify, may be politically quite challenging, and therefore you may need to think about what are the steps you might take to move in the right direction. It may be that in some cases you need to think about what is the right path to move in the direction that you think is the right one, rather than it is rejected completely.

Q115 Julie Morgan: In some ways, is that how you might be different from an independent strategy unit, a think tank? Do you feel you start with a blank sheet on a particular subject, or do you feel you are trammelled by the government?
Mr Aldridge: We certainly start with a blank sheet and will try to work an issue through from first principles. Unlike a sort of think tank or an independent commission, we are of course within the Civil Service and in the perhaps advantageous position that our work can be taken forward to consideration by ministers and decision; we are in the advantageous position of being able to influence perhaps more quickly the decision-making process. Clearly, a think tank can be much better able to say "We should do X or Y," whereas we will have in mind, particularly as we get to published conclusions, what is going to be acceptable to stakeholders. Privately, of course, we may have our blank sheet of paper, first principles answer and we can think about how we go from that to what might be, in the first instance, the published conclusions. It does vary from issue to issue, but we will always have thought things through from first principles.

Q116 Julie Morgan: Do you ever draw back from something because you know this may produce a result which the Prime Minister may not want?
Mr Aldridge: Not necessarily draw back but think through; if there were some barriers to achieving the desired outcome, we might think through the work, what are the other ways of getting there and how we deal with those barriers. Let us take an example again. If we take congestion charging, if you were doing some work on transport policy and, very suddenly and coldly, suggested the right answer was congestion charging, it might be quite difficult, given there could be losers associated with that, for ministers to say, "Yes, let's go ahead and do that." However, if you start off by trying to explain more effectively why this solution is helpful in advancing transport objectives, maybe publish a report which does no more than analyse the problem and what might be the benefits of this option, then you can begin to lay the ground for firm decisions later on. It is not necessarily the case that when you approach things with your blank sheet of paper you may suddenly find that it is rejected; you may have to think through how best you advance, having done your analysis, the right answer to the problem that you face.

Q117 Julie Morgan: Looking through the list, this is a little while back, 2000, so obviously you were not there, the Prime Minister's Review of Adoption, for example, I can remember that because it is a subject I am particularly interested in. I believe, at that time, the Prime Minister felt that not enough children were being adopted and there were too many barriers, and that was something which then you followed through. Quite clearly, it was the Prime Minister making public statements, and presumably you produced a report to back that up, which is not a blank sheet, is it?
Mr Aldridge: There was a report and it was followed I believe by a White Paper and legislation, and I think the numbers of people adopted actually have risen quite significantly, as a consequence.

Q118 Julie Morgan: I would agree with what happened, but it is just interesting that it arose from the Prime Minister saying this was what he wanted to happen and then you followed it through, and how did that relate to the department involved?
Mr Aldridge: The project itself was carried out collaboratively with the Department of Health. It was a very short project. I think the initial Strategy Unit involvement was just three or four months, then the follow-through was handed over to and taken forward by the Department of Health. Right from the outset the Department was involved, working with the Strategy Unit, and taking it on once our work was completed.

Q119 David Heyes: Tomorrow evening I will be off to the monthly meeting of the Management Committee of my constituency Labour Party and they will hold me to account; they think that I am playing a part in putting Party policy into action. I am sure that similar arrangements apply to Liberal Democrats and the Conservatives. I would say to them, frankly, that their belief that I am actually determining Party policies and responsible for implementing them is pretty naïve and that all sorts of policies emerge which I am being held to account for by them and in which I have played no part, which, in fact, in many ways, seem to be contrary to what I believed was Party policy. Really I am asking you, what role does the manifesto, the Party policy, what emerges from within Party lines, play in determining your agenda?
Mr Aldridge: Our work programme ultimately will reflect the Government's, the Prime Minister's, priorities. The Government's manifesto obviously

is one of the sources which makes clear what those priorities are, so there will be a relationship between our work programme and the sorts of priorities that are set out in the Government's manifesto. It does not mean that we will be working on every priority that emerges from that, necessarily, because sometimes it will be taken forward by departments.

Q120 David Heyes: A very important policy development, as far as the Labour Party was concerned, the year before last, was the Warwick agreement and the commitments to workforce benefits, in terms of safety, working hours, working conditions, very cross-cutting issues to do with workforce development, it is absolutely central to the work that we do because of the cross-cutting nature of your role. What work is going on within your Unit to bring about the commitments that were made on Warwick?
Mr Aldridge: That is not an issue on which we are working or have worked. It is not the case that the Strategy Unit would get involved necessarily in all areas of policy.

Q121 David Heyes: Is that because nobody has asked you?
Mr Aldridge: In that case, they have not asked us.

Q122 David Heyes: It would seem to me to be an absolutely ideal example of the kind of thing that you should be doing, because it is a high profile example, by the political party that is in government, that is cross-cutting in its nature, and you are not even looking at it?
Mr Aldridge: That is true, but there are always choices to make about which projects we do, which issues we look at. We try to make a judgment based on how important or urgent the issue is, whether it is an issue that is amenable to—

Q123 David Heyes: This is a non-urgent issue; it is not a priority issue, is it?
Mr Aldridge: These are all relative to other things we might work on. We take a view, do we have the resources, expertise, to address an issue; is it an issue that is already being addressed effectively elsewhere in government, is it a cross-cutting issue. We try to apply some criteria and thought to ranking the priorities for our work, so that when propositions come forward we have got some reasoned basis for why we have got the set of projects we have rather than some other set.

Q124 David Heyes: Is it not the case that the bottom line for you is survival? Ultimately, you are obliged to tell your political masters what they want to hear, or what you think they want to hear. The most extreme example of where that has got us into problems recently is all the advice on weapons of mass destruction and the issues around the Iraq war.
Mr Aldridge: No. The very strong steer that we get is that the PM and the policy advisers in Number 10 want the best possible analysis to underpin their decision-making processes. We are expected to be analytically rigorous, we are expected to start with that blank sheet of paper and suggest, based on an analysis of evidence, what might be the right answers to the problems that need to be tackled. Ministers will decide what is politically possible, or not; we are asked to give the best analysis and advice that we can.

Q125 David Heyes: The lesson of history is that it can be very dangerous for you to get on to politically unpopular territory though. We have got the example of the abolition of the Central Policy Review Unit in the eighties. Mrs Thatcher did not like the advice she had been given so the equivalent of you at the time was sacked?
Mr Aldridge: That comes back, I think, to the discussion we had before, that sometimes you need to think about how you give difficult advice and what recommendations flow from it. It may be that in some areas the right starting-point is something that is very analytical, helps build a broader consensus about what the problem is and where it needs to be tackled, and once you have built more of that consensus then you can move on to come forward with proposals. I think there is a degree of horses for courses here. The Strategy Unit does not produce one single type of output; it will offer a range of different types of output from its work, which, depending on the issue and the task, will be suitable in different circumstances.

Q126 Jenny Willott: I want to ask some very practical questions, quite quickly. When you are producing your reports, how long-term do you look, what timeframes do you look towards?
Mr Aldridge: It will depend on the policy. When we have done work on energy, we have looked 50 years ahead; when we have done work on transport, 30 years; as long as is necessary for the policy concerned.

Q127 Jenny Willott: You talked about the Policy Unit earlier on, the work that they do, the day-to-day advice; do you ever do work looking at the long-term implications of the advice that they have given?
Mr Aldridge: No. I do not think we have done that, but perhaps I should turn the question round. We may look at an issue like energy, which potentially perhaps has got very long timescales, 50 years, or whatever. The strategy for achieving your energy goals over that period will need to have within it not just longer-term measures but medium-term measures and short-term measures, so we will think about what you might need to be doing now, in the next few years, in order to achieve a 10-year, 20-year, 50-year objective. We certainly do that, and obviously that helps frame the advice which the Policy Directorate gives.

Q128 Jenny Willott: Is there a relationship between the two, so that the Policy Unit will use the work that you have done in order to inform their decisions and what they are going to advise?

Mr Aldridge: Absolutely. There are only nine or 10 of them. We are a very important source of analysis, research and evidence to inform the advice that they give.

Q129 Jenny Willott: If there are issues, which you have not done previously and you have not done work on, which come up, on which they have to provide immediate advice, short-term stuff, how does that fit into the process that you are looking at, or, when you are doing some research in the future, then do you look at what decisions they made and what advice they gave and the materials they used to make those decisions?
Mr Aldridge: There are different possibilities. It may be that, whilst currently we are not working on something that comes up, we may have done so recently, in the past, and we will be able to deploy that to their benefit. Alternatively, again depending on what the need is, it might be that we would identify a gap in strategy or policy work as a result and a proposition would arise for a new piece of work, which then we would judge alongside other proposals for new work by the Units. I suspect, in that case, it might trigger a new project or a new piece of work.

Q130 Jenny Willott: Can I ask about the relationship between the Strategy Unit and think tanks; do you ever commission work from think tanks?
Mr Aldridge: I think, over the years, on one or two occasions we may have done so, but in the main we commission very little work externally because we have people within the Unit who can produce the strategy and policy work that is needed. We have had people come in with think tank backgrounds to work in the Strategy Unit and that is probably more important than commissioned work.

Q131 Jenny Willott: Do you use reports that think tanks produce to assist your work?
Mr Aldridge: We use a range of research and evidence sources to inform our work, including think tank work.

Q132 Jenny Willott: One of the things that Gus O'Donnell said is that the role of think tanks is thinking the unthinkable. Given that you are much more specific, in some of the questions Julie was asking, about where the ideas come from, and so on, it would appear from the outside that actually it would be very difficult for the Strategy Unit to be thinking wild and unusual thoughts. How do you use the ideas and the thoughts generated by think tanks to inform what you are doing?
Mr Aldridge: In a variety of ways. It may flag up issues that maybe we ought to be considering as an area for new Strategy Unit work. Think tank work may flag up ideas for policy changes that we should be considering as part of existing projects. I would say that some of the work we have done, some of our discussion papers, for example, our work on social mobility or life satisfaction, is quite cutting-edge. I am not sure it is in the unthinkable category but it is exploring issues which perhaps are not currently in the policy mainstream and therefore opening up new approaches, expanding boundaries, and certainly I think ministers and others have found that sort of work helpful. I think we can play that sort of role and have done so in much of the work we have done. I would also flag up our Strategic Audits, two of which have been published, which look across the whole policy agenda and review the progress that has been made and what challenges are likely to be faced in future. Those are very wide-ranging and I think challenging documents.
Chairman: They are indeed. Thank you very much.

Q133 Mr Prentice: You have got 55 people. I have got this paper, Prime Minister's Strategy Unit, it was published only eight months ago, and it tells us that the Strategy Unit has between 70 and 90 people at any one time. Where have all the people gone?
Mr Aldridge: Actually the numbers are quite flexible, so over the years there has been quite a bit of variation in the numbers.

Q134 Mr Prentice: How many in May 2005 when this was published; presumably, between 70 and 90?
Mr Aldridge: We certainly did not have that number in May 2005. People in the Strategy Unit will generally come in on loan from other departments or they come in on fixed-term contracts.

Q135 Mr Prentice: I am going to come on to how people get into the Strategy Unit.
Mr Aldridge: Actually there is quite a significant degree of turnover.

Q136 Mr Prentice: You cannot tell me how many people were employed in the Strategy Unit at that time. How many people were in the Strategy Unit in May 2005, when this document was produced?
Mr Aldridge: Yes, I can. The number in the Strategy Unit at that time was about 60.

Q137 Mr Prentice: Sixty; not between 70 and 90?
Mr Aldridge: No.

Q138 Mr Prentice: So that is wrong?
Mr Aldridge: Yes.

Q139 Mr Prentice: People are brought in on fixed-term contracts; why is that?
Mr Aldridge: One of the distinguishing features of the Strategy Unit is that we have a mix of permanent civil servants who are employed in the Unit and people from other backgrounds. They come in on fixed-term contracts because, generally speaking, in the sort of work that they will do in the Strategy Unit, there is probably a requirement for people to be there for two to three years. They

will bring in particular skills that we will need for that period and beyond that it is probably sensible then for those people—

Q140 Mr Prentice: Okay; they are in it for two or three years. What about the civil servants; does that apply to them as well, the two or three years?
Mr Aldridge: Yes, because whilst we have some permanent Cabinet Office staff many will come in on loan.

Q141 Mr Prentice: How do they get in? Are people kind of fast-tracked into the Strategy Unit because that is a good kind of career development move, in the way that bright civil servants are put into ministers' private offices?
Mr Aldridge: No, it is open competition, we advertise in the press, if you go to our website you will see our adverts for staff, people apply and they go through a standard interview.

Q142 Mr Prentice: Who gives them the job? It is a panel of people that appoints them, and you are there?
Mr Aldridge: Correct. For senior staff, it is me; correct.

Q143 Mr Prentice: What are you looking for, really creative people, a bit zany?
Mr Aldridge: We are looking for outstanding analytical skills, strategic thinking skills, project planning and management skills, good interpersonal skills, the ability to work in teams and to influence stakeholders, then there is creativity in policy solutions.

Q144 Mr Prentice: What is the average age of people in the Strategy Unit?
Mr Aldridge: I guess, most of them, are in the range 25 to 40.

Q145 Mr Prentice: You are the Prime Minister's Strategy Unit. When did the Prime Minister last wander into the Strategy Unit and say, "Okay, guys and girls, let's have a brainstorming session"?
Mr Aldridge: He has not actually done that but what does happen is, and again it will depend on the nature of the work, it may be that our work will end up before a cabinet committee that the Prime Minister would chair.

Q146 Mr Prentice: Does he ever physically go into the Unit and meet the people and talk to them; does he?
Mr Aldridge: No. We are based in Admiralty Arch. We are not in Downing Street. We go to meetings in Number 10. There are various meetings that the PM holds to discuss Strategy Unit work with departments.

Q147 Mr Prentice: Do you think Britain is well governed? It is a simple question.
Mr Aldridge: Yes, I suppose I do.

Q148 Mr Prentice: Do you have anything to do with the evolution of health policy; have you got major structural reforms in the Health Service going on at the moment? Do you have any secondees from the Department of Health? Have you had any say whatsoever in the development of policy on NHS structures; let us take Primary Care Trusts?
Mr Aldridge: We have done in the past a review of health strategy, this was in 2001–02. Part of that, I think, did touch on NHS structures. More recently we have done some work on NHS reform, and that is something that we have been doing with the Department of Health.

Q149 Mr Prentice: Were you involved in the development of the departmental five-year plans?
Mr Aldridge: Those were department-led rather than Strategy Unit.

Q150 Mr Prentice: I do not want to get bogged down in departmental issues but, given that the government has recognised that it was a major policy error in announcing that PCTs would no longer have a provider function, that they would be commissioning bodies only, it was a major policy melt-down, was it not? Yes it was, and you had nothing to do with that, the Strategy Unit had nothing to do with that at all?
Mr Aldridge: At the time, it is correct, we were not doing work on health issues; however, on previous occasions we have done work on health, as I mentioned, in 2002. We have also done more generic work on public service reform, how it has evolved and what sort of approach should be followed, all of which has been done closely with the relevant departments. We cannot be working at all times in all areas so there is always a balance to strike between what the Strategy Unit does and what departments do.

Q151 Mr Prentice: The Prime Minister has said that a decision will be made in this Parliament on Britain's nuclear deterrent. There are five policy people in the Ministry of Defence working on this, five, and you have produced a paper on countries at risk of instability, and so on. Given that the nuclear weapons programme could cost the nation up to £25,000 million, and it is a strategic issue, it is a long-term issue, cross-cutting, foreign, defence; are you involved in any way?
Mr Aldridge: We are not involved in that.

Q152 Mr Prentice: Would you like to be involved?
Mr Aldridge: At the moment, our remit is to focus on domestic policy.

Q153 Mr Prentice: What about countries at risk of instability; that is not domestic?
Mr Aldridge: No, but as things stand currently our focus is on domestic policy.

Q154 Chairman: As we end, I would like to ask a couple of things really bordering on what Gordon has been asking you. At the moment, the Government's whole approach to public service reform centres on these notions of markets, quasi-markets, choice, contestability, diversity, and there are huge arguments raging about the underlying analysis behind these approaches, whether applied to health or to education. For example, does choice drive up standards across systems, or does it lead to cream-skimming and segregation. You would think that a Strategy Unit concerned with long-term underlying analysis would be able to help us with these questions. The Committee found, when it was doing its inquiry into these issues recently, that there was nowhere in government that could provide it with any of the underlying analysis behind these approaches to public policy, citing international evidence, citing some of the theoretical literature, it was completely absent, and you see the consequences of its absence in the arguments we are having about education at the moment. What I am saying to you is, why has the Strategy Unit not been the place where that analysis has been developed?
Mr Aldridge: I think we have done some of that analysis. For example, on schools, we have certainly looked at the evidence on the impacts of choice and contestability in schools provision.

Q155 Chairman: Which report is that?
Mr Aldridge: It is not in the public domain.

Q156 Chairman: How does that inform the public and parliamentary argument if it does not exist?
Mr Aldridge: We did work on this jointly with the Department for Education and Skills, so this was something that we did as part of joint work, collaborative work, with that department. Certainly we explored the evidence base, we looked at the experience of other countries which had introduced these sorts of reforms and explored the conditions under which they were most successful.

Q157 Chairman: This is extremely interesting because none of that appears in the Education White Paper; it is devoid of analysis of that kind. You say there has been analysis in government of these underlying issues affecting these major policy decisions, it has not been published, it has not been shared with Parliament or the public, it is absent from White Papers, but it is there somewhere?
Mr Aldridge: Certainly analysis of that kind has been done and they have worked on some very good academic and other surveys of that.

Q158 Chairman: Why would you not want that underlying analysis, nothing to do with confidential discussion within government, why would that not inform all these policy debates that we are having?
Mr Aldridge: It did. I think that evidence is quite generally available. It is true, the Strategy Unit has not published something of that kind, but it is quite readily available.

Q159 Chairman: Where is it readily available?
Mr Aldridge: There are various academic surveys, think tank material, which review this evidence.

Q160 Chairman: As you give me that answer, you know that is not an adequate answer, do you not?
Mr Aldridge: It has certainly been available to inform policy.

Q161 Chairman: Can you take commissions from Parliament?
Mr Aldridge: I think we take our commissions from ministers.

Q162 Chairman: So you cannot take them. If I say to you, on behalf of this Committee, that we would love to have access, as legislators, to this underlying analysis on these choice, quasi-market issues that you have been doing, that has not been published, could we have access to this, or could you go and do some work on it for us, you are not able to help us?
Mr Aldridge: I think I would have to consult ministers.

Q163 Chairman: Just on Julie's point that she asked you about, the publication criteria, are you sure that the work that you have done would not be open to freedom of information requests, even stuff that you have not made available, because, as I understand it, it does not go into the heart of confidential discussion between ministers, it is in the category of background research information, which should be available?
Mr Aldridge: Absolutely, yes, and material has been released on that basis and it is on our website.

Q164 Chairman: So the stuff that you have not published you think will be amenable to freedom of information requests?
Mr Aldridge: I do not know, but certainly we have made available analysis before, where we have been requested to do so.

Q165 Chairman: Your job, the headship of the Unit, was vacant for a year. Does this mean that there was discussion about its future?
Mr Aldridge: No. I think it was more the timing. As you know, Geoff Mulgan, the previous Director, stood down in the summer of 2004 and I think there was an expectation that a general election would follow relatively soon after, therefore it would make sense to make decisions about the permanent headship of the Unit once the general election was passed. By the time we approached the election and the election was held, there were then various key personnel changes at the centre, a new Cabinet Secretary, changes in people in Number 10, and so, again, until those changes had worked their way through and new people were established they were not in a position to confirm an appointment.

Q166 Chairman: You cannot give me a dispassionate answer to this but I will ask it anyway. Because the strategic side of government has changed a good deal, we talked about the units that have come and gone, been merged, and so on, and how it has happened in the past, and we are going to have a discussion more about that in a moment, is it your view that we have got the structure right now?
Mr Aldridge: I do not suppose that the structure will ever be completely right because circumstances are evolving. I think there is a requirement for the sorts of functions that the Strategy Unit performs to support the Prime Minister, but as strategic capability develops in departments, encouraged, for example, by the departmental capability assessments that Sir Gus O'Donnell announced when he appeared before the Committee, I think inevitably there will be further evolution of the Unit's role, so I do not think it will ever be completely stable. As the discussion about our numbers illustrated, depending on the tasks at the time, the expected needs of the centre and departments, so our shape and form will evolve with that.
Chairman: Thank you for coming along and telling us about the work of the Unit. We know a little bit more about it now and you have raised some questions in our minds to help us with our further thoughts on this. Thank you very much indeed.

Witnesses: **Lord Donoughue,** a Member of the House of Lords and **Dr William Plowden,** gave evidence.

Q167 Chairman: Can I welcome our further witnesses this morning, Dr William Plowden and Lord Donoughue. I was confessing to colleagues earlier, well I did not confess the whole truth, the whole truth is that I was taught by both of you at the LSE over 30 years ago, so it is an unusual occasion.
Lord Donoughue: You have survived fairly well, considering, Chairman.

Q168 Chairman: Both of you sitting in front of me; but thank you very much for coming along. We would like to talk about strategy, and with Lord Donoughue we would like to have just a few minutes on memoirs as well, if we may. Would either of you like to say anything, by way of introduction, or shall we just fire off?
Lord Donoughue: You fire.

Q169 Chairman: Can we continue then what we were on just now. Can I ask you, Dr Plowden, whether you think the structure that we have developed now in government, based upon the fact that you were in the original Central Policy Review Staff in the 1970s, the way in which we organise these things in government now, is better than the way we organised it then and whether we have got broadly the right arrangements?
Dr Plowden: I think it is right, Chairman, in the sense that there is now an assumption that there needs to be a fairly strong capability at the centre, which both Bernard Donoughue and I, in our different ways, had struggled to establish. I think the centre has been in a terrible muddle in recent years, with units, as you have been commenting recently, coming and going and now being amalgamated to form this rather large Strategy Unit, whose establishment is even larger than it has actually got people on the ground. Broadly speaking, I think that it is on the right lines. You need something which will support the Prime Minister and the Cabinet to do their job in relation to government as a whole and in relation to departments. I wonder whether perhaps it is a bit too big and I would like to see slightly more stability.

Q170 Chairman: What about this issue of the political embarrassment that is around some of this, you heard us asking the questions about publication, because I think one of the aspects of the arrangements now, as opposed to when you were doing it, is that there is the commitment routinely to publish now. I remember, do you remember, your reports in the 1970s and the political embarrassment that used to appear occasionally when these were leaked and then it could be said, "Ah, well, this is what the Government is really up to; it's really up to turning the NHS over into a private insurance system" and there were other rows as well? How do we handle the fact that this is something that is inside Government and therefore in some way will always be associated with the government of the day; is there a case for having some sort of more arm's length arrangement?
Dr Plowden: The climate has changed enormously since I was in government in the 1970s and I welcome the move towards publication. Even the CPRS tried to publish most of its reports if it could. I am slightly rooted in the past. I do think there is a case for a body at the centre conducting some of its activities without what you might call the threat of publication, because there are some issues on which it would want to touch which involve very sensitive questions, which, if they were discussed in public, in the short term, would embarrass ministers to such an extent that it would not be allowed to discuss these issues in the future. I think, in the short run, there is a case for a body like that, and even more so for a Prime Minister's Policy Unit, conducting its activities, selected activities, confidentially. In my memo I say that there needs to be a number of other bodies which are engaged in comparable functions, thinking strategically and looking ahead, which are not as close to the centre,

as close to the sensitivity of current politics, which are much freer to publish, which can be disowned by politicians if they so wish.

Q171 Chairman: Just on that, I am quite interested in this. The Committee is going to Finland shortly to see something they have there, which is called the Committee of the Future, inside the Finnish Parliament. I wonder if it would be useful, of course the government, rightly and necessarily, will have its strategic arm, would it be helpful too if we had a more free-standing commission, publicly funded, thinking about futures issues? We have one, and maybe more than one, which is the Royal Commission on Environmental Pollution, which sits there, thinking all the time about environmental issues, not with great public profile any more. Would it be better to think about some sort of futures commission, as I say, at a little distance from the government, which was conspicuously independent but then would challenge government, Parliament and the public to think about some of these things?
Dr Plowden: The Dutch do, or did, have a rather similar body to the Finnish one, which I went to have a look at. My own view is that I would be slightly suspicious of a body which was there simply to think about futures in general. I would rather have specialist bodies, like the Royal Commission on Environmental Pollution, which looked at the future in areas where thinking in the past has been very short-term and where a very long-term view is necessary. I would not want to set up a great all-singing and all-dancing futures commission to look across the whole field of public policy, I think probably that would be going too far.
Lord Donoughue: I was just recalling that in the late seventies I worked very hard to introduce a British Brookings and we got that wholly in place with a more European basis, but to be here to look at exactly these kinds of issues, and one of Mrs Thatcher's first policy initiatives was to torpedo that, although we had in place all the finances.

Q172 Chairman: What would that have looked like?
Lord Donoughue: Initially, it would have looked rather like the Washington Brookings but it would have been looking independently at long-term strategic issues. I agree with William that you cannot try to look at everything. I am wholly in favour of having a Strategy Unit which identifies certain key, long-term planning issues and then involves the departments in discussing them and submitting their views to Cabinet. The problem with publication is you have clear choices here: do you want the confidence of the Prime Minister and senior ministers; if you do that, you will have to be very private, and not in public. If you go public very often, as the CPRS discovered, then you lose the confidence of ministers. Where I was, at the Policy Unit, the confidence of the Prime Minister was absolutely essential and so, on the whole, nothing we were doing ever appeared and I imagine, politically, that still has a lot of weight. It is a case for having a Strategy Unit, if you like, taking longer-term views but a bit removed from ministers and able to publish. The inflated size of that Unit just takes my breath away. I do not know how you conduct a body of that size with proper coherence. I can see the case for one which publishes and investigates independently but then you do need units close to the Prime Minister and close to the Cabinet that they can trust, as you said, that they can reject and then they move on.

Q173 Chairman: When you were in the Policy Unit, in Number 10—
Lord Donoughue: I set it up and I headed it. It is quite a mistake, in my view, that the present Prime Minister has merged it with the Private Office. It suggests a failure to understand the different roles there are in the machine. I am sorry to have interrupted you.

Q174 Chairman: We note that too. The CPRS, of course, was still in business during the 1970s and I just wondered, from someone working at the policy face within Downing Street, what were the connections and the relationship with that other body that was doing strategic thinking?
Lord Donoughue: The connections were close. I was a firm believer in the CPRS. When Harold Wilson appointed me, he did say "Do you want to get rid of the CPRS?" and I said "Absolutely not" and I think he was about to get rid of Victor Rothschild and then did not. I could see two quite distinct roles, we were more political, we were more short-term, and we worked closely together. As far as possible, I tried to work with the Head of the CPRS. In very energetic conversations with the Cabinet Secretary, we decided what were the distinct roles and who did what. It worked on a personal level because there were old friends, like William and others, in the CPRS and we worked together on one or two issues, on unemployment, and so forth. I could see a clear distinction between these long-term strategic roles. We tried to introduce some long-term elements into the Policy Unit. In the late seventies we were very afraid that North Sea oil would be wasted and we wanted to get an energy strategy in place, whereby as you consumed North Sea oil you would be replacing it with other energy supplies, but we failed on that partly because the Treasury was not very keen and then Mrs Thatcher was not very keen. In my view, on the whole, there were clear differences and where there were not, as on unemployment, we worked together; William and his colleagues would come to my office and I would go to theirs. That needs to be small units. We were small units with a clear team philosophy, led by people who knew what they wanted, and it is much easier to work together then. I do not know how I would work with some great balloon with 90 people in it.
Dr Plowden: Chairman, the crucial distinction, which I think the Committee will have picked up, is of course between the Prime Minister's Unit, working for the Prime Minister, and the CPRS, or

whatever it is called, working for the Cabinet. As long as you have got a prime ministerial and cabinet system, I do think it is essential to try, and it is very difficult indeed to do it in practice, to get the Cabinet to work as a collective body which is informed by the strategic thinking of a Strategy Unit. There should be not just a Prime Minister's Strategy Unit, as there was a Prime Minister's Unit in Bernard Donoughue's day, you want a Prime Minister's Unit and a Unit which works for the Cabinet, that is to say, in public, it needs to be within government.

Q175 Chairman: When I asked you about whether the arrangements that we had were broadly corporate now, surely this is a big difference, that, as you heard in the discussion, we do have now a Prime Minister's Strategy Unit but we do not have a Cabinet Strategy Unit, whereas CPRS, notionally, at least, worked for Cabinet government, did it not?
Dr Plowden: I think the lesson that I learned, painfully, is that one's idealistic views about how a cabinet system should work are not always borne out in practice. Prime Ministers set the tone of a government and the way it makes policy, they have their own ways of working, and if they do not wish to have the Cabinet playing a full part in the policy process then there is no point in trying to get a cabinet advisory unit to do that.
Lord Donoughue: That is absolutely right, and of course both Harold Wilson and James Callaghan were total believers in the cabinet system, and therefore they made it work. There is, of course, the timescale problem. What we found, because life was much harder then, was that the long term became just a succession of short-term survival crises, and it was very hard to bring in the long-term dimension when every week you were thinking the government was about to be destroyed by this or that issue. That does not apply now and actually it should be much easier to introduce the longer-term dimension.
Chairman: I am going to bring in some colleagues. I want to come back to you on memoirs before we get to the end, but, for the moment, Gordon Prentice.

Q176 Mr Prentice: Just a brief answer: do we have cabinet government, or is it prime ministerial government now?
Lord Donoughue: We do not have cabinet government in the way that William and I saw it, when virtually every issue was thrashed out in cabinet committee, having been considered previously in official committees or mixed committees, and where Prime Ministers then accepted, in most cases, that was the decision and the whole of the machine knew what that decision was, because the Cabinet Secretary, or some other senior official, was always present and always took notes, as minutes, which were circulated to everybody. My impression is, and of course I am not at the centre of government, that system, of which I was often a critic but have now learned that, whatever its faults, it is better than the alternatives, actually worked quite well.
Dr Plowden: My short answer would be, no, as far as I can see.

Q177 Mr Prentice: So we should get rid of titles like Prime Minister's Strategy Unit and they should be renamed Cabinet's Strategy Unit?
Dr Plowden: It is no good renaming it Cabinet Strategy Unit if the Prime Minister does not wish to have it acting as a Cabinet Strategy Unit; that is a road to disaster. I would rather have a Prime Minister's Strategy Unit working for the Prime Minister than no Strategy Unit.

Q178 Mr Prentice: I do not want to take you down a blind alley into cabinet government, but can I ask Lord Donoughue this. You worked at Number 10 in the 1970s. When you look at the landscape of Britain today, does it kind of surprise you where we have ended up, 35, 30 years later?
Lord Donoughue: The answer is yes, and in many ways I am pleased, because at that time, sitting in the centre, it was not clear that we would even be here. Life was very difficult then, the economy was in a total mess, it was very difficult to get social cohesion. The landscape that has faced the present Prime Minister and present Chancellor is unrecognisable, and we would have given right arms to have had it.

Q179 Mr Prentice: We live in a multicultural Britain. In the 1970s, when you were at the heart of government, we had the BNP, or its predecessor, marching in the streets, immigration was a big issue. Does it surprise you that those kinds of tensions, in the 1970s, seem largely to have dissolved now, 35 years later?
Lord Donoughue: I do not quite recognise that. I am not sure they have dissolved, may I say, and they were not such big issues then. There was a cabinet committee on immigration, which I sat on, and we produced papers on it, but on the whole there was not much discussion and most ministers were unwilling to discuss it because they were afraid the *Guardian* would call them "Racist" if they even said there was an issue. The BNP popped up every so often, but I do not recognise that as the issue at the time, but I do not think we contemplated a multiracial society on the scale that it is now.

Q180 Mr Prentice: It has just kind of happened?
Lord Donoughue: It happened, because we did not contemplate decades of immigration on this scale.
Dr Plowden: There was a CPRS report on race relations, which they were very reluctant to pick up, they did not want to be confronted with this issue on the Cabinet table, which illustrates again the general point that there is no point in leading a horse to water if it will not drink what you offer it.

Q181 Mr Prentice: What makes a good strategy and what is the difference between strategy and policy work?
Dr Plowden: A good strategy is one which (a) takes the long-term view and (b) takes account of as many sectors and factors as possible, hence the case for having a strategic capacity at the centre. Also that it is a strategy to which individual policy decisions will be subjected, they will be evaluated in the light of the long-term strategy. Until that strategy is changed, they need to be consistent with it, so it gives a consistent set of guidelines which should influence policy decisions as long as that strategy is in force.
Lord Donoughue: That was not happening in my time. Different departments would take decisions and the CPRS, or we, would point out that this was not wholly compatible with decisions taken elsewhere. I do not think that strategic conceptualising was going on then. I do not know if it is going on now.

Q182 Mr Prentice: Can I put the same question to you that I put to Stephen Aldridge: do you think that Britain is well governed?
Lord Donoughue: No, and I am not sure it is possible to be well governed. My observation of our society is that it has become so big and so complex that it is very difficult, and I think the instinct of ministers and Whitehall to centralise is a last desperate attempt to try to get things under control, whereas I am not sure they are controlling it.

Q183 Mr Prentice: You are academics and you look for rigour and evidence-based policy-making, and yet in huge areas of public policy, in health and education, restructuring the public services, everything is being restructured that is not nailed down, there is a lack of evidence, is there not?
Dr Plowden: Yes, there is a terrible propensity to move on to the next reform before the last one has been evaluated or given a chance to prove itself. My answer to your question would be, yes, by world standards, we are pretty well governed, with the major exception that Lord Donoughue points out, there is much too much pulled into the centre and this is a long-term trend which has been exacerbated in the last few years.
Lord Donoughue: I think the approach to the Health Service, which we need not go into in detail, is a reflection of the way government does not actually know what to do about this major issue.

Q184 Jenny Willott: In the 1970s, when the CPRS was in existence, was it involved in government decisions before they were announced or before they happened, on the whole, providing a strategic insight?
Dr Plowden: Yes, it was, and that gives me a chance to make a point which I noted was not made by Stephen Aldridge. The CPRS saw its role, as I am sure the Policy Unit did, and you must ask Lord Donoughue, very much as not only trying to help the government to devise a strategy for energy, or foreign relations, or whatever it might be, but also to ensure that, day by day and week by week, as I said a moment or two ago, individual decisions coming up were looked at in the context of that strategy. What we did, and I do not know whether it happens now, was to comment on particularly proposals coming forward to cabinet, or indeed to the Prime Minister, from individual cabinet ministers and departments, as to whether or not they were relevant to the strategy that had been decided, or was implicit, at least, in current government policy. So "Here is the Department of X backtracking on what you ministers agreed last year should be your policy," in the energy field, or the education field. "You will want to ask the Secretary of State for X why he is doing this and whether he should not do something that is more compatible with what we think, you think, the strategy is."
Lord Donoughue: There was a weekly committee, which may exist now or not, chaired by the Cabinet Secretary, held on Thursdays or on Friday mornings, which I always attended, which actually discussed the coming programme for the whole of government, and where the CPRS's views, on what William Plowden has just said, were taken into account and it was pointed out that this was running a bit incompatibly with that, and so on and so forth. The Cabinet Secretary was then very important as a linchpin in this process and I suspect the diminution in the role of the Cabinet Secretary has not been good for good government.

Q185 Jenny Willott: That is interesting. Can I pick up on something that Gordon asked the previous witness, which is about the involvement of the Strategy Unit in some of the big political issues that have kicked off in the last couple of months. In the 1970s, were it to have been similar issues, would the CPRS have been involved in doing the research and background work, for example, for proposals about changes to the Primary Care Trusts, looking at the issues of the choice agenda that Tony mentioned?
Dr Plowden: It would not do the basic research, necessarily, because it would have hoped the department would have done it and that the evidence would have been brought forward. What it certainly would have wanted to do though was ensure that the research had been done, that the arguments were properly set out and backed by the evidence needed to take the decision. I can remember indeed commenting on a draft White Paper, of which I said "This is not a White Paper," in the sense that it set out some conclusions and the evidence that it needed to make some conclusions, "it is a statement of policy with a lot of rhetoric attached." Our job was very much to ensure that government decisions as taken were soundly based and were not just floating in the air, based on some kind of prejudice but with a lot of spin to support them.

Q186 Jenny Willott: Could you imagine a situation happening in the same way in the 1970s, as clearly as it has in 2000?

Dr Plowden: Of course. Obviously, every situation is manageable and a powerful Minister of Health could then, as he, or she, could now, persuade the Prime Minister of the day that these changes were essential and they should go ahead, regardless of the lack of evidence, and there is nothing that the Central Policy Review Staff can do to stop that kind of development, if it is happening and it has got strong political support at the centre.
Lord Donoughue: Just an observation. What I saw, in relation to the CPRS, was ministers' reactions to CPRS investigations and reports. Some ministers, especially the second-rate ones, were very hostile to any CPRS report in their area, and of course some departments were hostile, and I imagine that would still be the case.

Q187 Jenny Willott: As you mentioned, Lord Donoughue, the number of staff in the Strategy Unit is at least double, sometimes three times, the number of staff that there were in the CPRS. Do you think it is producing twice the value?
Dr Plowden: I would be very surprised. I think that a unit of this sort needs to be, the criterion of our day was how many people you could get seated round the table of the Head of the CPRS, which was about this size, and it worked out at about 20. That does give a group of people who can discuss things, as I say, much earlier on, in the round, they can exchange views from a number of different points of view and can try to form some kind of collective view which is relevant to the views of the government as a whole. I think, once you get bigger than that you get a bureaucracy like the one you are trying to counter.
Lord Donoughue: Absolutely. I insisted that we never had double figures in the Policy Unit, for similar reasons but also wanting everyone to be involved, so you had a strategic thinking element in that as well. I just cannot conceive of how balloons of this size actually focus sharply on particular issues.

Q188 Chairman: Can I pick up just one point which Jenny raised, which is whether the quality of material produced by government has changed over the years and whether it has changed for the worse? I ask this because this government came in very attached to the notion of evidence-based policy and it set up new bits of government to feed in comparative experience, and so on, and yet there is a general perception that the quality of things like White Papers has declined markedly over the years, in terms of analysis of the problem to be addressed, the issues that bear on it and the solutions proposed. You have seen this at close quarters, both of you, over many years, is that a fair conclusion, do you think?
Dr Plowden: Chairman, I am sure the Committee will have been taking evidence or raising evidence from my old friend Sir Christopher Foster, who has been most eloquent on this subject and I found his views very persuasive, that the quality of the argument internally is less good because the quality of the argument which is required externally is less good, it is much more about presentation than about argument of evidence, to quote Gordon Prentice's point.
Lord Donoughue: Yes, that is my view; whether you have other factors involved here, the actual quality of Whitehall. When I became a minister, a quarter of a century later, although I was in a different department, my impression was that the quality of Whitehall was diminished and that all kinds of people who in my day and William's coming out of university would think of going into Whitehall were now going into the City or law, or what have you, so I did get a feeling that the calibre was not so good. I also got the view that, in my ministry, there was less interest in the quality of the policy, I hate to admit, but also "How will this play in the media?" which was not a question which actually had occurred in my five years in Whitehall.

Q189 Chairman: Can I use this just to help us with another inquiry that we are doing, which is on standards generally across government. There is a proposal, or a suggestion, that we need to have a mechanism which ensures better quality of material that is produced for Parliament, and indeed for the public, from government. I wondered if there was any way in which we could find a way of doing this, through inserting some sort of quality control mechanism through all this machinery that we have got now. At least it would ensure that when material was presented, in things like White Papers, at least it met a certain quality test, in terms of process. Is that a feasible proposition, do you think?
Dr Plowden: Chairman, I would have thought ministers and civil servants could get away with whatever they and the Prime Minister thought they could get away with. It seems to me there is perhaps a major role, if I can suggest it, for your Committee, to suggest to other committees that they should apply themselves some kind of quality test when confronting government publications and statements of every kind. If that were done consistently across the field then I think people might pick up the lesson.
Lord Donoughue: There is also legislation. Presumably, you compute the number of amendments to a bill introduced by the government simply because the drafting was imperfect and compare that with what was happening in the seventies. It is certainly a regular complaint in the House of Lords by old stagers and by Clerks that the quality of legislation is now much poorer.
Chairman: It is tempting to keep going riding with you, but we will try to haul it back.

Q190 Mr Liddell-Grainger: When you ran that Policy Unit, how many of your team were civil servants and how many of the team were political appointees?
Lord Donoughue: None were civil servants because I took a firm view that these were different roles and that what we should all be was outside experts in a policy area, that was our contribution, we were independent of the machine and that we should

collaborate then with the machine, with the officials, because they had a different role and we could put our view and they put theirs. I am still convinced that there are different views. I am still convinced it is wrong, on the whole, although you do not want to be completely rigid, to have civil servants in a Policy Unit. I do not feel that so much about a long-term Strategy Unit but I think it is important, even for a Strategy Unit, that an outsider should chair it. What you have to have, when, as Harold Wilson asked me to do, you are trying to think the unthinkable, which is a cliché, but anyway that was what he said, is people independent of the machine pressures. I have to say, in relation to the CPRS, I felt, working closely with it, that there was a different quality of leadership when the CPRS was led by a strong outsider from when it was led by a very distinguished insider, because I think, if you are from the inside, without meaning to, you respond to the pressures of the machine and especially you do not want to upset the Treasury. If you are a younger person, you might be thinking where you are going to get your next appointment when you leave there. I think a strong outside element is essential, if you want the independence of thought.

Q191 Mr Liddell-Grainger: Basically, what you are saying is that Stephen, whom we have just seen, could be got at by the permanent secretaries?
Lord Donoughue: I would not want to personalise it but I am just saying that any young official who has his career in mind will not go out of his way to upset the machine; that is human. It is no criticism.

Q192 Mr Liddell-Grainger: You have not had sight of the list we have had of all the different reports. It is fairly comprehensive, to say the least, in the last five years. If you were looking at it from the outside, because of your argument, a lot of those could have been affected by the permanent secretary of a department saying "Now, look, come on lad, we don't really want to get this in front of the Prime Minister. He's the boss. I know we've got a slight problem but . . .". Would that ever have happened in your day?
Lord Donoughue: I would not want to say it happened; it just seems to me that it is human nature. William will have views on that because he has been both an official civil servant and an outsider and on the CPRS.
Dr Plowden: In the CPRS there was constant pressure from senior officials, and sometimes from ministers too, either not to look at a particular subject at all or to trim the views that it had expressed on it because they would be inconvenient and contrary to departmental policy. As Bernard said, I think it is a help to have somebody in charge of whatever the unit is called who can resist such pressures, because actually he is not beholden to the people from whom the pressures are coming.

Q193 Mr Liddell-Grainger: Can I ask both of you, if, way back, there had been a problem in a department, did you ever go in to try to paper over the cracks, to change the policy so that it was more acceptable from a political point of view and, basically, I suppose a bit crudely, get the Government out of a hole, if something had gone wrong within a department; can you think of any examples, if it did? I know it was a long time ago.
Dr Plowden: The CPRS, I think, saw its job, as much as anything else, to try to rescue government policies from the iron grip of departments, and a very, very early CPRS inquiry was into the future of the British mainframe—an obsolete term, I think—computer industry. The Department of Trade and Industry had a strong policy to buy British, regardless of whether or not the British products were appropriate, which did not make any kind of sense in the light of government's industrial policies as a whole, or indeed any sense in the long term. The CPRS set out to challenge that policy because they thought that the government, as a whole, was being led in the wrong direction by the specialist department within it which had its own legitimate interests to pursue, but they were not interests that made sense in the bigger picture and in the longer term.
Lord Donoughue: Your report on the motorcar industry was very unacceptable to the Department of Industry, some I knew there, because it seemed to suggest that, unless it changed, it might not have a completely healthy future. I always wanted to work closely with departments, maybe because I lectured on the subject at the LSE, and so forth, but I thought you had to deliver the machine. There was a lot of machismo pleasure in outsiders fighting, and this kind of thing, but in the end it is results, you have to deliver the machine. My policy experts established very close relations with their relevant departments and I would go and sit on committees in departments to try to bring us all together.

Q194 Mr Liddell-Grainger: That was my next question. What was your relationship with the ministerial special advisers; did you have a good relationship, did they feed in, did they attend meetings? Obviously, you have just said that you did attend departmental meetings.
Lord Donoughue: Technically, I was the head of the special advisers, as Harold Wilson said, but it was not a role I ever took up, other than I did chair meetings of the special advisers, but I did not want to be held responsible for Tony Benn's special advisers and what they might be doing, so I left that one a fairly grey area. We did have meetings, not often but regularly, and I would invite in, to talk with my Policy Unit, the advisers of other ministers, because again I thought you have got to keep the communications and the network working together. They were a very mixed bunch, as I imagine they are today. Some of them were very political. We were more interested in those who brought in great expertise from the outside.

Q195 Mr Liddell-Grainger: It was interesting when you said Benn, because, if you read the Benn Diaries of that period when these special advisers, I cannot remember their names, they were called the same, were they not?
Lord Donoughue: Frances Morrell and Francis Cripps.

Q196 Mr Liddell-Grainger: That is right, they were both Francis. There were wonderful scenes where he used to go and basically berate the Permanent Secretary and the Permanent Secretary would berate him. At that time, given that you could almost be the arbiter of the interdepartmental battles between the PLP really and that, did you get involved?
Lord Donoughue: If you are talking about Mr Benn, when he was at Industry, he was asked to produce a White Paper and his special advisers drafted that and the Department dissociated itself totally from it. There was another occasion when in Cabinet the Cabinet Office circulated the Department policy on oil and Tony Benn circulated to the Cabinet his own policy on oil, so you were dealing with a fractured situation there. On industry policy, in 1974 my Policy Unit actually wrote the White Paper that came out as the Department's White Paper under the instruction of the Prime Minister, so we were used in that role. That was a particularly difficult political situation because you had a minister who had very bad relations with his department and spent all of his time on the political side and whose energy policy certainly was geared towards making sure he got the National Union of Mineworkers' vote each year. If you were going to have an energy policy then it needed someone else to be doing it, and sometimes we supported the official policy and sometimes we did not, we had our own energy industry policy, but that presented a particular problem.

Q197 Mr Liddell-Grainger: I do not think that is the case now because things have changed, but do you get the feeling at all that sometimes it may be the case, where, like tax credits or CSA, there are incredibly contentious things which are an absolute nightmare for any government, that the Policy Unit sticks its finger in? There is a list of reports and there is nothing obvious in it, but do you think that also they are the sort of ultimate special adviser group that says to the department "Come on, let's go and sort it out; we'll do it;" do you think that goes on?
Lord Donoughue: I assume they try to exercise influence but really I do not know, but I do not think anyone knew in our time what we were doing.

Q198 Mr Liddell-Grainger: In any case, it did not matter anyway?
Lord Donoughue: Thank God, in some cases.

Q199 Kelvin Hopkins: I wonder if you would care to comment on my thought, that today government is less healthy, in many ways, than in your day? The tensions you talk about, the conflicts are what you expect in a pluralistic, political system, with a range of views, some of which may be more persuasive than others, but at least there is a range of views. The centralising of power and the elimination of opposition, which is now very obvious in Britain, is not that likely to lead to big political mistakes because there is no countervailing argument being put?
Lord Donoughue: I would not claim to be an expert on how it is conducted now. I only observe, like you do, and obviously it is more centralised in Number 10 and more prime ministerial, presidential, but there are other factors there. If you look at Harold Wilson's administration, the one in which I first served, if you think of someone of the scale of Barbara Castle, I think it was only number eight in that government, and you look down a government with Denis Healey and James Callaghan and Roy Jenkins, and so on and so forth, they were big barons. It was much more like a medieval system, and the monarch was sitting there with Lancaster and York and these and he had to keep them together but he could not just give them instructions. Whereas my feeling today is that perhaps not all the barons are quite as big, and so when you have a very big, powerful Prime Minister, it is more likely to work out that way. As William said at the beginning, you did need to rationalise and centralise power at the centre; that includes the Cabinet Office as well as Number 10.

Q200 Kelvin Hopkins: Without wishing to be rude about my parliamentary colleagues, the calibre of the people you were talking about is way above what we have now. It might be my impression, but is not that partly because the Prime Minister does not want challenge and because he is able to avoid challenge he can keep absolute control?
Lord Donoughue: I do not think I would want to comment on the Prime Minister. I would just make the point that then there were eight people in the Cabinet, any one of whom, had the other seven been killed by a bus, could have taken over as Prime Minister and been obviously qualified for the job, around since the war, having done lots of ministries. I think that is not the case today and I think you should be sympathetic with the Prime Minister in his position.

Q201 Chairman: We do not have the barons, we have a dual monarchy, have we not, which is a slightly different arrangement?
Lord Donoughue: Yes, though you have to think how powerful James Callaghan was then and how Roy Jenkins led what was virtually a quarter of the Party. They were pretty big, but I think having eight of them is much more democratic than having two of them.

Q202 Kelvin Hopkins: I think you make my point admirably and I do not disagree with that, but we have problems today which need to be sorted out politically. We mentioned the National Health Service, they do not know what to do, and I have

my thoughts but my thoughts would not be regarded seriously by government or the Prime Minister, given that I am merely a backbench Labour MP. In your time, alternative thoughts were put forward and could be considered seriously. Someone in Cabinet might have said "We have a suggestion from our backbench committee and it seems to be worth discussing; how about discussing it?" One feels, these days, and I am sure it is true, that such alternative views, such opposition, would not be brooked. Is that not unhealthy?

Lord Donoughue: I cannot comment on today; it was as you wish it then.

Dr Plowden: I will just comment that, at its best, a strong Cabinet, with a well-supported Prime Minister and strong ministers round the table, is probably the most effective system for running a democratic nation that has been invented.

Lord Donoughue: I wholly support that; with a strong Cabinet Secretary as well.

Kelvin Hopkins: I agree, and I hope we can get back there. Thank you.

Q203 Mr Prentice: What is the ideal skills mix? Lord Donoughue, you talked about your Policy Unit being in single figures, and Dr Plowden mentioned 20 people round the table. What is the ideal skills mix for these philosopher kings sitting round the table?

Dr Plowden: They will not all be philosopher kings, I think, but that you have a number of people with varied backgrounds is one of the important points, people who have worked in business, in the trade unions, people from different social and racial backgrounds, who can bring at first hand some of the insights and knowledge that are required for decision-making. Also you need some of the skills which I think Stephen Aldridge pointed out, quite rightly, that he was looking for, good interpersonal relations, analytical capability, the ability to write and draft documents is still important. The list is very long, but I think variety, if anything, is the key for Stephen's team.

Lord Donoughue: Variety is good, but in the end there is no substitute for quality. In my sort of six or eight people, Economic Adviser, Andrew Graham, now the Master of Balliol College, number two Gavyn Davies, subsequently running Goldman Sachs and the BBC, David Piachaud, our most distinguished Social Administration Professor. These were the young ones, they were in their twenties. I think, if you can get really high quality, young people. The most stressful time of my over five years as Head of the Policy Unit was actually recruiting the team. I knew that the Unit would be successful and survive, as it did, or not, according to the calibre of those people, and I spent months 'phoning all my friends around the network, in the universities and in the City, trying to get the names of very able, young people, I did not want old people, like me, young people who were very bright. If you look at that group of people, another one is Head of Worcester College, Oxford, now, they were in their late twenties, early thirties, but they were really high quality; there is no substitute for quality.

Q204 Mr Prentice: Does the public have any role in developing strategy? At the moment we are about to embark on an energy review, there is a possibility of a new generation of nuclear power stations; a lot of people out there have very strong views on nuclear power. Is there a role for the public, at all, in any shape or form, in influencing the strategic direction of policy?

Dr Plowden: The answer must be, yes. If you take your example, of an energy policy that headed for nuclear power stations in the face of major public resistance, I think it would be catastrophic, they would not have confidence, it would lead to a series of short-term political crises as people lay down in front of the bulldozers. How far you institutionalise this by big conversations, and so on, I do not know, but you must take into account public opinion, as one, but only one, major factor in thinking about what is necessary for strategy.

Lord Donoughue: What is public opinion; our problem is that public opinion effectively becomes small interest groups and small prejudice groups, which can always get on the BBC "Today" programme, but whether that is actually public opinion I do not know. Of course, a problem with nuclear power has been that the public has had strong views, and it could well be argued that a proper Strategy Unit would have made sure that we had more nuclear power in place by now.

Q205 Kelvin Hopkins: Just taking up this point about public opinion, surely, despite a battering by media, by whatever, there are still broad, philosophical predispositions about social justice, about levels of taxation and public services and privatisation, but these are not simple interest group arguments, these are broad, philosophical views, are they not, which should be represented in Parliament?

Lord Donoughue: I think they are. My impression of MPs, whatever their other failings, is that they are seriously exposed to the public and get a fairly good sense of what the public is thinking.

Q206 Chairman: You are not talking about Galloway now, are you? Can we have the last five minutes, if we may, on memoirs. Bernard, you bring interest and expertise not only as a memoirist but as someone who has seen the system grappling with memoirs, and I want to take us back almost exactly 30 years, to 13 January 1976, when you turn up at Number 10 for a cabinet committee to discuss the Radcliffe Report, Radcliffe having been triggered by the Crossman business. There are Wilson and co., sitting around, wondering what to do with a recommendation from the Cabinet Secretary, and you give a very nice account, in your *Downing Street Diary* of how the discussion went. Could you just take us back to that discussion, to start with; how did it go?

Lord Donoughue: It was being pushed, through the Prime Minister, by the Cabinet Secretary, who wanted no more Crossman diaries, but sitting around the table were Barbara Castle and Tony Benn, who periodically were scribbling the text for their future diaries, and of course a number of cabinet ministers might well see that as a well-earned pension. It was a strong move from the centre of the machine to control diaries and memoirs, and it did not work because the Cabinet committee was not sympathetic, and a number of them simply refused to sign what they were supposed to sign, on 15 years, or what have you.

Q207 Chairman: Who refused to sign?
Lord Donoughue: Roy Jenkins told me he would not sign, Barbara Castle told me she would not sign, Michael Foot told me he would not sign, so it just was not going to work. That was because I do not think it had been properly thought through, it was a knee-jerk, machine reaction to try to blot out people's memoirs, and I would hope that some committee, either here or in Whitehall, would be thinking through what rules you need, and I think you must have rules. The latest experience, with this man Meyer, just brings that home, and that is very damaging and you ought not really to have that; that is outrageous. How such a person can be chairing the Press Complaints Commission is explained only by the nature of the Press Complaints Commission. My view is that there are different categories of people. Career civil servants should have the strongest rules imposed on them and that should be a longer period of constraint, and for politicians and probably temporary civil servants it need not be as long. I think a career civil servant has obligations, in terms of discretion, and so forth, that are stronger than for anyone else. I think diaries are different from memoirs. I have published both. I waited 30 years before publishing my diaries. I think there is a firm rule that you should not publish diaries until the main players are off the stage. That should be the guide rule; it does not give you the precise time. Diaries can be the most hurtful because they reflect someone speaking in the short term, maybe angry or maybe not having thought it through, and, above all, not knowing that this was going to be recorded.

Q208 Chairman: You mentioned Meyer, but the kind of thing that Lance Price has done, working as a special adviser at Number 10, you think is completely wrong?
Lord Donoughue: It is wrong; it is completely wrong. Not just because I waited 30 years but I think diaries are particularly damaging, though historically very desirable, they are very important assets, so you need diaries but you do not need them brought out in order to get serialisation in the *Daily Mail* and make your £100,000, which they will only do overnight. I did a contract on my diaries in 1981, with large sums of money around, which I did not take because it required early publication. When I finally published them the newspapers were not interested in serialising them at all.

Q209 Chairman: This discussion 30 years ago though, from your account of it, looks as though Wilson did not want a tightening up and he had a kind of interest in it anyway?
Lord Donoughue: He did not want it, but John Hunt, the Cabinet Secretary, rather dominated him. Harold was excessively deferential to all the senior civil servants and John Hunt dominated him. Once, John Hunt used a very shrewd tactic. He was putting down an answer to a question, the question having been planted, which stated the Radcliffe rules as government policy. Harold was about to sign it when I saw it and I said "You can't sign that; that just commits the government and you haven't got your Ministers with you," and Harold went all wobbly and then said, no, he would not sign up, but he nearly did it.

Q210 Chairman: You and he were broadly on the liberal side of the argument then?
Lord Donoughue: I had been involved in the Crossman thing, so I was on that side, yes.

Q211 Chairman: The question now though is, if you are now saying that people are doing things which they should not do, quite different from the case 30 years ago, we can have new rules but how on earth do we enforce them?
Lord Donoughue: With career civil servants, I think that should be a longish period, whether it is diaries, 20 years, and memoirs 10 or 15 years after the last events described. Career civil servants could not have it in post because they could lose their pensions. On the whole, they are people who are brought up to obey rules and most of them are absolutely decent. All the senior civil servants I worked with had no intention of producing them and, I am very sorry, I try to provoke them to but they think that is not what a career public servant does. I think it is different for politicians and temporary civil servants, and I think you would have a shorter period for memoirs, though longer for career civil servants than it would be for politicians and others, but I do think you need rules. It is alright without rules; without rules you depend on the decency of people and being honourable. The moment that public servants are not decent and honourable you need rules. It is like self-regulation; you can have self-regulation until they break the rules and then you need to impose rules.

Q212 Chairman: Clare Short was here last week, of course who left the Cabinet eventually over Iraq and then rushed into print.
Lord Donoughue: That was quite wrong.

Q213 Chairman: She gave a very strong argument for how it is the rawness of the moment that is the spur for publication and that it contributes to the argument. Even if you say that it is quite wrong,

and we can argue about that, what kind of arrangement could you possibly have which would be enforceable in a case like that?
Lord Donoughue: You can have an arrangement that when cabinet ministers sign the Official Secrets Act, or whatever, they sign for a period, it would not be a long period, I said specifically it is much less time for them. The rawness of the argument, of course, is what attracts the newspapers, with large sums of money. Nothing prevents that cabinet minister from writing articles, appearing on the media, but putting it in a proper, balanced way, but I think, especially with diaries, that is totally unfair, because an individual may speak to someone else; would they speak the same if they knew the person was keeping a diary? I kept a diary but that was one thing I was very aware of, that the person would not speak the same. Frankly, in government, ministers are different, if people knew that half the officials around the table were keeping a diary, or something, I think the conduct of government would be very difficult. I imagine now in Washington our Ambassador's situation is not made easier, if he goes into the White House to discuss Iran's nuclear power situation, by the thought that next year it may be all there, in public.

Q214 Mr Prentice: Alastair Campbell kept a diary, and that was in secret. Do you think that affected the quality of decision-making, that people held back from expressing their real views about issues because they knew that Alastair Campbell would be writing it all down?
Lord Donoughue: It may have influenced how they expressed themselves. Alastair has not yet published that diary.

Q215 Mr Prentice: He is going to publish it, because he says it is his pension?
Lord Donoughue: Yes, and I understand that. When I left government, Downing Street, for some time I did not have a job, and with four small children, so I understand there are financial pressures, but he has not published it yet.

Q216 Mr Prentice: I know, but you could have got lots and lots of money in 1981, but 25 or 30 years later the newspapers were not interested, you told us that. If Alastair Campbell is going to get his million, he will have to rush to the publishers the day after the Prime Minister goes, to get the money?
Lord Donoughue: That is the choice for him.

Q217 Mr Prentice: It is just for him?
Lord Donoughue: The first consideration is that the characters are no longer on the stage to be damaged, and he would argue, when the Prime Minister has gone, that is the main character who is not there, but how long will Alastair have been out by then?

Q218 Mr Prentice: There was all the stuff about the Chancellor of the Exchequer being psychologically flawed, and so on, and if you are telling us that maybe it will be okay for Alastair Campbell to publish the diary on the day after Blair stands down as Prime Minister—
Lord Donoughue: I have not said that. I said that is the first consideration, the characters should be off the stage. I think there should be a discreet period of time; but how long has Alastair been out?
Mr Prentice: My colleagues will have to help me; what, four years, or something like that?
Chairman: No, less than that, a couple of years.
Lord Donoughue: I think you could set timescales. In the end, if someone who has signed something breaks it, you are right. With a civil servant, you can stop their pension. I think, with a temporary civil servant, or with an ex-minister, you cannot do that. If someone is prepared to break that then it is telling you something about them.

Q219 David Heyes: I just wonder, with the passage of 25, 30 years between the events and publication of your diaries, did you submit yourself to this vetting process, did you experience it yourself? Did you submit your text for vetting by the Cabinet Secretary?
Lord Donoughue: I did not. My diaries survived the 30-year rule, so I did not have to do that. Anyway, I think cabinet secretaries have got other, more important things to do.
Dr Plowden: I wrote a book about the CPRS and did submit it to the cabinet secretary. I took account of some of his comments and not others, which I thought were silly.

Q220 David Heyes: Can you describe the process and how it impacted on your book?
Dr Plowden: The process, in this case, was to send him the manuscript and to say "Here it is; we propose to publish." This was with Tessa Blackstone. We were strongly discouraged from publishing, because, again, 20 years ago there was less of this going on and even temporary civil servants did not publish books. Nonetheless, we went through the hoops and submitted the manuscript to the Cabinet Secretary, who read it and made some comments, and some of them seemed to us to be sensible; he said "It will be damaging to the national interest if this is revealed and this is not," and "This is an improper thing to say." In some cases, he made a similar comment and we ignored it. It was a balance. At least we went through the hoops. We applied our judgment to his judgments on what it would be appropriate to publish.

Q221 David Heyes: There was some self-censorship going on then, in preparing the text?
Dr Plowden: We wrote the text we wanted to write. The self-censorship was only in response to his imposed censorship, is this reasonable censorship or not.
Lord Donoughue: If you have time periods and someone obeys the time periods, it is not clear to me that they need to submit that to a busy Cabinet Secretary. That is the advantage of having time limits.

Q222 Kelvin Hopkins: You make a very clear distinction between civil servants and politicians, with which I strongly agree. Has not the problem arisen because that dividing line has been blurred? People like Lance Price are now called a civil servant; he was not. When he came to us, I said "You're just a dodgy politician, like the rest of us. You're not really a civil servant." If the civil servant was, as you say, absolutely trustworthy and never published diaries, that would be the way it should be. Politicians one has got to deal with differently, but accept them as politicians and do not try to pretend they are civil servants.
Lord Donoughue: There is a problem there, with the Lance Prices, which applied to me, and we had long discussions of what were we, as special advisers, and we came to the conclusion that we were temporary civil servants, so by that time were subject to all the constraints of being civil servants and also got some of the benefits. Lance Price is the same. We were not quite full civil servants but we were not politicians either.

Q223 Mr Liddell-Grainger: There is one person whose diaries I wonder if you would think about, Stella Rimmington, who published diaries about her time as a spy chief. Those sorts of diaries, for which 30 years is very little, in certain things they have been up to, should they be banned from ever having diaries, or should they be done by official historians?
Lord Donoughue: I was surprised about Stella Rimmington, but I still think, if you designate her as a career civil servant then I would say, whatever it is, 20 years, or that kind of rule would apply, and she broke that, as I understand it, but I have not read them and did not study it. Obviously, that is a very sensitive area. When I said the basic guide rule is when people are off the stage, she has much stricter guide rules as to when anyone can suffer from exposure.

Q224 Mr Prentice: I suspect that, if people in the United States, the political class, were listening in to this exchange, they would find it pretty quaint. Jeremy Greenstock, our man at the UN and in Iraq, was before us last week and his book was blocked by the Foreign Secretary, Jack Straw. He gave me, perhaps us, the impression that we should be a bit more relaxed about it all. He mentioned that Paul Bremer, the American man in Iraq, had just published his memoirs and life goes on in the United States, there is a torrent of books from people who were in the administration and now no longer are in the administration and life continues. Do you think perhaps we are just too uptight about these things?
Lord Donoughue: No. We are more relaxed than we were when they were trying to do the Crossman Diaries, we are more relaxed, but I would not myself see the American system of government as necessarily a model that we should be aiming for. I would suggest having clear rules, having timescales, different categories of people, and that those rules are fairly relaxed. If you had a five-year rule for politicians and a 10- or 15-year rule for civil servants, I think that is reasonable. It is much more relaxed than it used to be, but there are other factors on the other side. I do think you need to protect people within government, especially officials, who are required, in what they see as a private situation, to give advice and to give it openly and independently, you need to protect them from being exposed, three years later, as the person who said "Bomb Iran."

Q225 Mr Prentice: I understand that, but should ministers be the final arbiters, because there was Jeremy Greenstock telling us that it was Jack Straw who said, as a matter of principle, the book should not be published? I suppose my question is should there be maybe an independent panel of the great and the good?
Lord Donoughue: I think that is a good suggestion.
Dr Plowden: Yes.

Q226 Mr Prentice: An independent panel?
Lord Donoughue: Yes, I think that is a good suggestion, but guided by certain basic rules, which you might recommend.

Q227 Chairman: The contrast with the United States though is that people move in and out of government all the time.
Lord Donoughue: There is not much of a career civil service there.

Q228 Chairman: Therefore, their behaviour is different in relation to memoirs.
Lord Donoughue: They are all like ministers.
Dr Plowden: I certainly would not want to rest on the say-so of the current minister, because the current insider will have his, or her, very strong, own reasons for not wanting certain things to be published when they are perfectly publishable.
Chairman: We are told that Jack Straw wants to come and tell us about all this, so we should have a good session with him. We have had a really interesting morning with you. Thank you very much for coming. As I say, as someone who was taught by you both 30-odd years ago, it has been nice being able to ask you some questions this morning. Thank you very much indeed.

Thursday 20 April 2006

Members present:

Dr Tony Wright, in the Chair

Mr David Burrowes	Mr Ian Liddell-Grainger
Paul Flynn	Julie Morgan
Kelvin Hopkins	Mr Gordon Prentice

Witness: **Lord Birt**, a Member of the House of Lords, gave evidence.

Q229 Chairman: Let me call the Committee to order and welcome our witness this morning, Lord Birt. It is very nice to see you. As you know, we are doing an inquiry into what we call "Governing the Future: Strategic thinking inside government" and you seemed a good person to talk to, which is why we asked you. In fact we asked you to come before, did we not—
Lord Birt: You did, Chairman.

Q230 Chairman: —when you were still doing the job last year, and you were not able to help us at that point. Why was that, do you think?
Lord Birt: As you know, Chairman, the Prime Minister thought Stephen Aldridge was the right person to help you on that occasion.

Q231 Chairman: You were quite happy to come, were you not?
Lord Birt: I think I was absolutely ready to accept the convention that it is for ministers to decide who should appear on their behalf.

Q232 Chairman: You were quite happy to come, the Prime Minister did not want you to come and therefore you did not come?
Lord Birt: I was very happy to accept it.

Q233 Chairman: Thank you for that and thank you for coming today. What is strategy?
Lord Birt: It is a much over-used and often abused word, Chairman. I think my definition of good strategy is a plan to achieve a defined outcome, usually a stretching and transformational outcome of some kind, and a robust, deliverable plan to achieve it.

Q234 Chairman: We do not want to get into definitions here, but how is it different from policy?
Lord Birt: Policy is a subset of strategy. In order to achieve that better outcome you will need many things. Obviously we are talking now in the domain of the public sector, but these things apply in other walks of life, most obviously the commercial sector as well. You will almost certainly need new policies, you may need new institutions, you may need reformed institutions, you may need different incentives, different skills, different capabilities and different capacities. You may need a whole host of things of which new policy may be one.

Q235 Chairman: So strategy is not distinguished by the fact that it is long-term; it is a different kind of thinking about policy?
Lord Birt: No. I think, not to be theoretical but to be practical, in most institutions (and I have had experience of strategy in a wide array of institutions), there are exceptions, but you are normally talking about something across three to five-year horizons, and you are normally aiming to make the world a better place or, in a commercial environment, massively to improve your profitability; in a public sector environment to improve outcomes for the citizenry.

Q236 Chairman: Before we leave these definitions, what is forward strategy as opposed to strategy?
Lord Birt: These are not my words or my terms, Chairman. I think forward strategy is just another way of saying what I have just said, which is strategy over the longer term, but in day-to-day parlance people often use the term strategy loosely to mean a plan to achieve a short-term objective. I, like everybody else, use the term loosely, but I think, in terms of the Committee's deliberations, it is most useful to think about it as something over the longer term.

Q237 Chairman: I ask because clearly you would not have a backward strategy, would you? It is a bit of gobbledegook, is it not?
Lord Birt: As I said, Chairman, except when I am speaking loosely, it is not a term I would use myself.

Q238 Chairman: Let us quickly take stock of the area you are involved in. Looking at the letter of appointment that you got from Jeremy Heywood, the Prime Minister's Principal Private Secretary, he says, "The Prime Minister looks forward to seeing the work that will come out of this important new venture." What I wondered is what is this important new venture? Surely government does this kind of thing all the time. What is the important new venture that you were called upon to do?
Lord Birt: Historically, Chairman, I simply do not think that is true. I do not think government has done this sort of thing in the past. I have not refreshed my memory on that letter of appointment, but it was not my first task for the Prime Minister. What year was that?

Q239 Chairman: This is 2001.
Lord Birt: I had obviously done some work for the Prime Minister in the year 2000.

Q240 Chairman: That was roughly the time you started?
Lord Birt: No, I had done a major project in the year before on the Criminal Justice System.

Q241 Chairman: What is the important new venture that government was not doing that you were called upon to do in the strategy field?
Lord Birt: In a nutshell (and I have to emphasise this was not work I did alone, I did it with a very large number of other people), I think government was moving to a position where it was engaged in whole system strategies, not looking at a narrow specific particular question but looking at systems in the round. The previous year I had looked, at the Prime Minister's request, at the Criminal Justice System in the round, which has many, many institutions in its component parts, and tried to understand how the whole system was working. What the Prime Minister wanted to do was to apply that methodology to other public sector areas, which then happened over the following years. It is simply not the case, so far as I am aware, that any government previously had ever done any work of that kind at all. If it had done, it has been well hidden away.

Q242 Chairman: But someone looking at the structure of government, not just recently but over the long-term, will see government playing around with strategic institutions and strategic thinking, central policy review staff in the seventies under Heath and so on, and when you were brought in someone looking at the Government would have said, "Look, departments have their Strategy Units doing strategic thinking.
Lord Birt: They did not, Chairman. They did not have them.

Q243 Chairman: My understanding is that they did. You can tell us more about it. Departments have strategic work going on. The Government itself has a Strategy Unit, borne out of what was previously a Performance and Innovation Unit, with a head doing strategic thinking?
Lord Birt: Yes.

Q244 Chairman: I think the Prime Minister has another person who does strategy for him, currently Matthew Taylor, I think. He has got a Policy Unit in Number 10. What I am trying to get at is, in all that going on, what is this important new venture that you were brought in to do?
Lord Birt: I think all those activities, Chairman, are more coherent than you make them sound. It was not so much that I was brought in to do something. This was a system undergoing change, and I think the reality was that the public sector had not yet embraced the tools that were, by that point, widely used throughout the private sector throughout the world. Even before I arrived I think this was starting to be recognised, and that period in the years following 2000 saw government building up a capability, initially at the centre, to do the kind of far-reaching strategic thinking that had not been done hitherto but had been done widely in other places. The Prime Minister was asking others to create that capability, and it went through some slightly different manifestations but it ended up in the Strategy Unit, which is recognisably the kind of institution you would find in a major global corporation with a very similar set of skills available, and, indeed, now, I think, a rich national asset. Gradually some of that began to be replicated in the departments. There is not duplication between what the Strategy Unit does and what other units at the centre do. There are very clear distinguishing lines. You mentioned the Policy Directorate in Number 10. It has a different task, a different job, which I am happy to discuss if you wish.

Q245 Chairman: Now that you have left, is it that the system has now been put into the proper strategic order? You have performed this important new task, it is done, strategic thinking in government is now secure and well established and you can leave and do other things.
Lord Birt: I did not establish it, Chairman. It was established as part of the Cabinet Office by successive cabinet secretaries. I was very happy indeed to work with the Strategy Unit. I did no strategy work by myself. All my work was done with quite large teams composed of members of the Strategy Unit and, generally, officials from departments. The Prime Minister asked me to lead on a number of different topics, but I worked with the Strategy Unit. The Strategy Unit did lots of work with which I was not involved at all. The answer to your question, therefore, is I feel no authorship of this but I am really proud to have been involved in it and I would say very strongly to the Committee that the growing capability at the centre—and you want to talk about strategy today but the centre has acquired new and important capabilities in other ways: for instance the Delivery Unit—we are starting to see develop in Britain an appropriate centre for government, which, in my view, is an asset for any future government of any political persuasion. I left government in December feeling that I had seen a substantial and significant improvement in the capability of government.

Q246 Chairman: We shall want to ask you more about that general point which you are making. Tell me if I am wrong, but the impression that I got was that your presence was quite considerably resented within government because departments asked, "Who is this person coming and trampling on our territory? We are doing strategic work. Who is this person to come and tell us about transport policy or criminal policy?"
Lord Birt: You must tell me who these people are, Chairman. They did not say it to me.

Q247 Chairman: Other people already doing strategy work in government said, "Who is this person coming in working separately for the Prime Minister when we already exist?" Were you a bit of an irritant around the system?

Lord Birt: Chairman, I have no knowledge of people saying the kind of things that you have just repeated. I would observe only, and I observe this of all systems, that there is always something of a tension between the centre and in government the departments. In business you see exactly the same tension arising between the corporate centre and the operating divisions. It is in the nature of things that there will always be some tension. I am happy to discuss some of the reasons for that, if you wish.
Chairman: No, that is interesting. I think Julie wanted to ask you about your payment or lack of it.

Q248 Julie Morgan: Lord Birt, I am very interested in the nature of your appointment. We understand that you were not paid for this post during the four to five years you were in Downing Street?
Lord Birt: Six.

Q249 Julie Morgan: Six years you were in Downing Street. We wondered why you were not paid. Was it because there was no money to pay you or you offered your services for free? Could you tell us why you were not paid?
Lord Birt: When I started in 2000 I had a number of commercial responsibilities, some of which remained for a number of years, and I thought it prudent that when I worked for government it was better that I worked for free. In the first year I probably only worked a couple of days a week. As time progressed I worked more and more time, but the principle had been established that I would work for free and I was happy to work for free, though it became increasingly an odd experience to spend an increasing amount of your time doing a job which was unpaid.

Q250 Julie Morgan: So you offered to work for free?
Lord Birt: I did offer to work for free, yes, but it was not an issue. It was my view that this was better.

Q251 Julie Morgan: What do you think about the fact that offering to work for free meant that you were in an advantageous position in order to take this sort of important role really, because people who could not afford to do it were not able to offer their services?
Lord Birt: I think there are probably large numbers of very, very capable people who are willing to work for government for free—I have a lot of experience of that myself—because they are public spirited, but I do not regard this as a very a significant issue. I think it would have been perfectly possible for somebody to work in Number 10 performing the kind of role that I did, and being paid. The circumstances of my life made it better that I should not be paid, but I see no issue in principle about somebody doing the job and being paid.

Q252 Julie Morgan: It may be there is not a fundamental issue, and I accept that people are public spirited and do things without pay, but I am slightly concerned about whether that does not remove you from some of the responsibilities of being paid. How can I describe it? If you are a minister, for example, you have a code of practice and if you are a civil servant, there are things you have to work within.
Lord Birt: I was exactly the same. I was under exactly the same obligations as anybody else to maintain confidentiality and all the other obligations that are rightly placed on public servants.

Q253 Julie Morgan: So you think this practice that does happen of people offering their services free is good?
Lord Birt: I think it is in the public interest. It is in the public interest that people of talent and ability should participate and help the country to be better governed, and I had a lot of experience of people who did that.

Q254 Mr Prentice: How did the issue of your employment crop up? Was it after a game of tennis with the Prime Minister or what?
Lord Birt: I am not good enough on the tennis court to take on the Prime Minister.

Q255 Mr Prentice: How did it happen? Would you take us through it? Did the Prime Minister say to you, "John, I would like you to work at Number 10"?
Lord Birt: My detailed recollection is slightly lost in the mists of time because we are talking about six years ago.

Q256 Mr Prentice: I would remember if the Prime Minister offered me a job?
Lord Birt: Your day may come! As I recall, he asked to see me. I think I met him socially somewhere and he said, "When you finish at the BBC you must come and do some work for us", and I went in to see him at his request and, slightly to my surprise, he asked me to spend the next year of my life looking at the Criminal Justice System.

Q257 Paul Flynn: Can I ask about the style of your performance. I have got the Drug Report here and I notice that every page is headlines and a low-case simple sentence. Every page is full of pie charts, bullet points, everything is repeated at least twice and further examples are given. It is exactly the kind of way that a good junior school teacher would communicate with an eight year old. Is this the way you considered it best to communicate with the Prime Minister?
Lord Birt: I wonder how much experience you have had of the private sector: because if you went into any private sector institution, any major corporation—

Q258 Paul Flynn: I do not think you are answering the question. Do you think this is the right way to communicate with the Prime Minister? I have a number of other questions I would like to ask.
Lord Birt: I am happy to come to that. I think you would find in any modern corporate environment exactly the same set of techniques being used. I think they are enormously valuable. I think it is an

appropriate way in any organisation to communicate either with the Executive or with the wider organisation. It has all sorts of merits and advantages which I am happy to go into with you.

Q259 Paul Flynn: The report itself is very different from anything that has been produced by government probably in the last 30 years in its objectivity, in the fact that it is evidence-based and it is free from the hysteria with which the subject of drugs is normally described. It is very different from what has been produced, very similar to reports like the Transform Report and the Select Committee Reports in this House in its conclusions. Are you disappointed with the response from government on the conclusions that you reached?
Lord Birt: I am very happy to talk to the Committee about the sorts of issues that have been raised so far, namely the way in which government structures itself to address strategic questions, but I am afraid I do not want to go into any of the detail of my advice to the Prime Minister or the response to that advice.

Q260 Paul Flynn: The purpose of our inquiry is that we believe there is a role for say a committee of the future that would look in this dispassionate way at these issues that have not been solved and that have bedevilled successive governments without any solutions coming out, and it is important to us if we assess the value of the existing bodies such as the Strategy Unit. In your report you made one conclusion, which was about the ineffectiveness of attempts to control drugs on the supply side, but governments—the American government and our government—are trying to do precisely that in Afghanistan and you point out the futility of this and how this was counterproductive in Colombia. If we can make a sensible judgment on the value of your work and the other bodies that are forecast in the future, we surely should know what likely effect it is having now on government policy?
Lord Birt: I am happy to address the question in general with the caveat I have already expressed. I would say, and I have to emphasise, that this must not be characterised as my work. I had a great deal of help on all of the projects with which I was involved. Alongside that, there is a huge body of work developed by the Strategy Unit, and other parts of government, which has a very similar approach to the approach that you have identified in the Drug Report. The Committee may be interested in some of the methodology. Pretty much all Strategy Unit reports are in two phases. The first we used jokingly to refer to as a 'policy-free zone'; in other words, it was simply an attempt to describe, to get to the bottom of the matter in hand, to understand. The best way of understanding the future is to understand the past. It is a fantastically difficult thing to do. It often takes months and months of activity. Some of the pages that you refer to there, I can think of some of the pages in that report where a very distinguished civil servant spent six months of his life analysing the data which would give you the key insight reflected in one of those pages. So, the first phase was always to understand how we got to where we are now, what the forces in play are and, because trends emerge from that, where those trends may be leading: because the best way of understanding the future is to understand where trends may take you in the future. I think, almost without exception, the first phase of Strategy Unit reports in general, including the ones that I was involved with, helped change people's and departments' understanding of what the critical issues were. We then went on to a second phase (and again this is standard strategy methodology) where you often go into a deeper diagnosis because the first phase often tells you what the problems are. You may think you know what the problems are when you start off. Normally six months later, and the first phase would often take you six months or more to do, you have actually identified what the real problems are. You then often have to dig deeper into some aspects that you did not cover in the first phase and then, with really rigorous methodology, try to draw out solutions which are rooted in the diagnosis. Inevitably, at that point, you are analysing some of the obstacles in the way. Institutions, as I said earlier, may not be fit for purpose; they may be located in the wrong department; their incentive structure may be weak; and it is in the way of things at that stage of the strategy process that the system itself sometimes feels uncomfortable. However, what always happened is that there was an intense policy debate arising from the first phase of the analysis. I would say overall the work of the Strategy Unit has been very significant in changing people's perceptions of the true nature of problems. Often what the Strategy Unit and others working with it have recommended has been accepted, sometimes it has been a slow burn, sometimes it has been rejected as too uncomfortable.

Q261 Paul Flynn: I think that is very encouraging, but, if you could look, the previous government's policies in this area were evidence free generally and you are providing evidence. As I say, I am full of admiration for this report. You said it had an effect on government departments. When the report was presented was it presented to the Prime Minister alone?
Lord Birt: No.

Q262 Paul Flynn: What was the circulation?
Lord Birt: It was presented to all the key departments involved, of which there were many.

Q263 Paul Flynn: Were you disappointed by the reaction?
Lord Birt: I have already said that I am afraid I do not want to go into the detail of what recommendations were made or what the response was. I have tried to answer helpfully in general terms.

Q264 Chairman: Were you building in assumptions about likely political acceptability to the work that you did? Was that part of the strategic process or was that something that was seen as completely separate?
Lord Birt: Chairman, that is not an easy question to answer. Plainly, and I think again this is true of all Strategy Unit work, you have to have an understanding of the wider context and the likely response of those who will finally see the report, but I would say, generally speaking, all of those reports try to come up with policy recommendations which were rooted in the evidence; and I am very pleased that Mr Flynn has identified just how strongly evidence-based all of this work is that the Strategy Unit is involved with. All of the policy solutions sprang from the evidence and sometimes they were uncomfortable. You are all politicians. You know why sometimes ideas are very uncomfortable to existing, entrenched, embedded interests. Institutions, organisations, were often invented a very long time ago for a different purpose. It is very rare for any institution to be wholly fit for today's purposes. Of course, in the real world, there was discomfort, but we tried always to tell it how it was and to draw out of the analysis the most robust policy and organisational solutions, many of which were accepted, not all of which were, and I quite understand why they were not. I did not operate as a politician in this exercise. I tried to do justice to the evidence and it was for politicians to make up their minds about the political acceptability of solutions.

Q265 Paul Flynn: One of the attractions of a possible committee in the future is to extend the horizons of politicians from the short-term and the tabloid headlines the next morning and their far horizons at the date of the next General Election. Do you see the approach that the Strategy Unit and others have applied being useful if one has a body of parliamentarians or politicians looking into how policies will work out in 10, 25, 100 years' time?
Lord Birt: Anything that will put pressure on politicians of all persuasions to think strategically is something that I would personally support, because we know that so many of the pressures day-to-day on politicians, and it does not matter which government is in power, in the short-term press on the perception of something going wrong today. There are some forces in play, however, which should encourage all politicians to think strategically in the long-term. Frankly, if you are going to be in office for one or two terms and if you act strategically from the beginning, then your policies will be more robust and you will have better outcomes during the period when you are in office. If you have an eye on history, all politicians should want to implement the kind of solutions which may be difficult in the short-term but will make the world a better place in the long-term. I think that it would be a good thing for Parliament to press on the Executive to be more strategic and, frankly, I do not believe at the moment that Parliament does that. I think often it too presses on the short-term. Where I think I part company with you is the notion of a single committee doing that. I would suggest that it should be the job of all committees in the sector that they cover, not just to take evidence on the political difficulties of the moment, but also to press departments on their long-term plans to achieve better outcomes. When departments have published their strategies, I think there was a disappointing lack of public debate about those strategies, including in Parliament itself. If I may say so, I think the Committee is thinking about the right issue; I am not sure it is the right solution.

Q266 Paul Flynn: Have you any view on the effectiveness of these similar committees in Israel and Finland and other countries?
Lord Birt: I am afraid you have greater knowledge than me about them.

Q267 Mr Burrowes: You mentioned that you are challenging entrenched institutions not being fit for purpose. What institutions would you include in that definition?
Lord Birt: I have to say what I said earlier, that I am happy to talk in general terms.

Q268 Mr Burrowes: In general institutional terms rather than particular substantive policy?
Lord Birt: I think what I said is a general truth about organisations, and it is true in the private sector as well.

Q269 Mr Burrowes: You say "institutions". You must be able to talk generally about what institutions you mean. Do you mean the Civil Service?
Lord Birt: I am talking about anything you might describe as an organisation. It might be a company, it might be a department, it might be a body at arms length from a department. All of us have experiences of what happens to institutions. They lose their way. As I said earlier, they were designed for another purpose in another era and they are not any longer fit for purpose today. Institutions are often inward looking, they do not pay sufficient attention to what is happening in the world around them, they do not understand the implications of change. In the private sector what typically happens to such institutions is that they get taken over and revitalised by a new management. Unfortunately, in the public sector there is no similar mechanism.

Q270 Mr Burrowes: Obviously we have the electorate.
Lord Birt: There is in terms of removing the Government of the day, but down in the heart of the system there may be institutions which have stayed on similar tracks for a very long period of time.

Q271 Mr Burrowes: Does it take an outside adviser to be able to think in that way and challenge in that way?

Lord Birt: I do not think there is any one way.

Q272 Mr Burrowes: It could be done without you?
Lord Birt: Absolutely. I have already made clear that I think the Strategy Unit is a significant advance in government capability; I think the same has to happen in the departments. It is in the process of happening but there are many departments that still need to strengthen their strategic capability and many institutions, under the umbrella of those departments, do as well. If you have a significant strategic capability in any part of the system, then it should keep you alert and aware providing that the whole Executive is listening, and it should not be necessary for outsiders to come in.

Q273 Mr Burrowes: You say "the whole Executive". There is now an appropriate centre for government, but is it appropriate to have in the centre for government personal appointments to the Prime Minister beholden to the Prime Minister rather than necessarily the Cabinet?
Lord Birt: I think it is entirely appropriate. Prime Minister's in all countries at all times have wanted to have around them their own advisers, and I think it is reasonable, right and proper. As I have already said, the ideal is that organisations should have their own strategic capability, but there is no organisation that does not from time to time benefit from having outsiders take a look at them. It happens in the real world the whole time, for a variety of different reasons. Outsiders can bring a fresh eye; they can bring challenge. Often organisations are on tracks. They are operating, as I keep saying, because that is how they used to operate and they have a set of perceptions which guide them day-to-day but often they are unaware of other things that are happening in the world, and you often need an outsider to come in to expose the wider context.

Q274 Mr Burrowes: But you do not last long. It is all short-term outside appointments and then you move on. What about that permanent Civil Service involvement? Are they sidelined now? They simply have short-term advisers who are in favour for a short time and then you move on?
Lord Birt: No, I feel really strongly that what we should be talking about is embedding a new capability in government itself which is not particular to the government of the day, and that is what we are in the process of doing.

Q275 Mr Burrowes: Or, indeed, the Prime Minister of the day?
Lord Birt: Or, indeed, the Prime Minister of the day, yes. The Strategy Unit, as I said earlier, should be an asset for any Prime Minister.

Q276 Mr Burrowes: But your personal appointment was personal to the Prime Minister. Rather than the Government or the future direction of government, it was very personal to the Prime Minister.

Lord Birt: I do not grasp the point you are making.

Q277 Mr Burrowes: If you are part of that appropriate centre, you are part of a personal appointment to the Prime Minister rather than necessarily part of ensuring the future government—
Lord Birt: You would have to talk to the Prime Minister about that, but I think it is reasonable for prime ministers, if they perceive a problem, to seek a solution to it. This Prime Minister did not seek a short-term solution. He has worked extremely hard to build the capability of government itself, not just for his sake but for the sake of future governments.

Q278 Chairman: When the Prime Minister says and does things that are designed to strengthen the centre of government—that was part of the intention when he came in, thinking the centre was too weak and lacking in strategy capability?
Lord Birt: Yes.

Q279 Chairman: Do you think we just need a sort of full-bloodied Prime Minister's department that acts as the strategic centre of government?
Lord Birt: I do not find labels particularly helpful here because the underlying implication plainly is that the Prime Minister is too powerful. I rather prefer myself to ask: what is the appropriate capability that the centre of government should have? As I keep saying, those questions are not just specific to government, they are specific to all organisations and systems. I think it is true that the centre of government was historically weak. We have talked about the strategic dimension, but the centre of government had no ability to understand whether departments were delivering on what they said they were going to, until the institution of the Delivery Unit, a conventional performance measurement capability you would find in any corporate environment: are the operating divisions doing what they have said they are going to do? Have they got a lifetime plan to deliver these outcomes and are these plans on track? The unit that Michael Barber started is doing these things, and so I would be amazed if any future government did not want to continue to do that. We have not talked about another really important thing that has been going on, which is improving the all-round capability of government to deliver, in an ever more complex world, the reform of the Civil Service itself.

Q280 Chairman: No, we shall ask you about that, but I just want to understand this precise point so that we are clear. To take your own methodology, the analysis is that the centre of government and its strategic capability is historically weak. What I want to know from you now is: is it now powerful enough and does it exist in the right form?
Lord Birt: I think it is now powerful enough at the centre. I think the Strategy Unit is something that not only any British government should be very pleased to find but any government anywhere. It is very interesting that governments across the world are observing what is happening in Britain and are coming to understand and study and no doubt in

due course to replicate. Where I think work remains to be done, as I have already indicated, is in the departments themselves. There is a similar problem in the departments to the one that was historically true in the centre. The departments themselves are gradually acquiring the appropriate capability in their own centres to manage their own affairs, which is not just about strategy, it is about finance and how you harness technology and a whole host of questions of that kind. We are in the process of seeing departments develop this modern capability, as I would see it, and obviously Andrew Turnbull went a long way in leading this process. Gus O'Donnell continues to lead the charge, but I think we would all recognise that there remains work to be done before all the departments themselves have the right kind of capability. I think increasingly the centre of government itself does. It is very, very close to having all the right capabilities now.

Q281 Chairman: Where do you think the Cabinet sits in this picture? We are supposed to have a system of Cabinet. How does the Cabinet sit in this system of strategic capability?
Lord Birt: The Cabinet has bee exposed to all of this cross-cutting work in all situations. Where we have this issue about the role of leadership at the centre, and the appropriate relationship between the centre and, in this case, departments . . .

Q282 Chairman: No, but this is quite important, so I want to pursue it. We are beefing up Number 10?
Lord Birt: It is not Number 10 actually, it is the wider centre. Hardly any of this is Number 10 that we have been talking about.

Q283 Chairman: We are beefing up the centre. You came in to work for the Prime Minister to develop strategic capability around the Prime Minister; and you think it is also important to beef up the strategic capability of departments. What I am asking you is how about the beefing up of the strategic capability of the Cabinet? Where does the Cabinet sit in all of this?
Lord Birt: I think one of the things (and I do not know whether you have taken evidence on this) that has been happening is that the Strategy Unit has been supporting the cabinet committee system. I do not see any difficulty myself between the role, as I have already described, of leadership that comes from the centre, particularly on cross-cutting issues, particularly on trying to get the departments themselves to create a greater capability, and, as in any organisation, all the key figures (in this case cabinet ministers) coming together to stand behind the broad strategic direction of the Government itself and to endorse particular policies which ideally are strategically rooted.

Q284 Kelvin Hopkins: I have to confess a deep scepticism about what you have been saying so far, but put that to one side. Why was the Prime Minister so determined for you not to come to see us before you left his employment?
Lord Birt: That is your characterisation. I doubt he was determined. You are asking the wrong person. You must ask the Prime Minister. As I recall, you did ask the Prime Minister, did you not? That honestly is not a matter for me. You must ask others.

Q285 Kelvin Hopkins: Yes, but we were told that Stephen Aldridge was an alternative suitable substitute, he was the civil servant leader of the Strategy Unit, which is clearly a strategy which has been played down and now only looks at marginal issues?
Lord Birt: No, that is simply not the case.

Q286 Kelvin Hopkins: We looked at this recently and it clearly did not have the influence and power that you had at the centre?
Lord Birt: No, that is quite wrong. Honestly, either you have the wrong information or you have drawn the wrong conclusions from it. Let me respond. It is simply not true. The Strategy Unit is a major unit, not only valued by the Prime Minister but I think by all ministers who encounter it, and the unit is responsible for a very large body of work, much of which I was unaware of. They are not in any sense marginal, they are absolutely central to the formulation of government policy. I was involved in a relatively small number of pieces of policy work over six years, not the vast number that the Strategy Unit was, and I was additionally involved in some of the matters we have touched on, which is building the broader capability of government itself.

Q287 Kelvin Hopkins: I have not got the list here, but I remember the list included things like alcohol strategy, which is important?
Lord Birt: Extremely important.

Q288 Kelvin Hopkins: But it is not the same as, going to the other extreme, declaring war, which is really serious, or, indeed, the future of the health service, the future of education.
Lord Birt: But the Strategy Unit was involved in all of that work. I am sorry if I was not clear. The Strategy Unit provided most of the soldiers on those occasions as well as the departments themselves. These were large teams of people.

Q289 Kelvin Hopkins: Was there not a change when Geoff Mulgan left and was replaced by Stephen Aldridge, who was very much a Geoff Mulgan but writ small, was he not?
Lord Birt: Honestly, I think these are offensive terms.

Q290 Kelvin Hopkins: I am trying to get the truth out.
Lord Birt: Yes, but I think it is quite wrong that you should malign individuals in this way. I worked closely with both of those people and they are both exceptionally able, very, very skilled strategically in both instances and both of them are very capable and were, in the case of Geoff, and are, in the case of

Stephen, enormously capable leaders of their unit. I had a different role. It did not in any way subvert the role of the leadership of the Strategy Unit.

Q291 Kelvin Hopkins: We can debate that another time at greater length, but the impression I have is that the Prime Minister does not trust the Civil Service, does not trust the Cabinet, certainly does not trust Parliament, and that he looks for someone, or a small group of people, whom he does trust, and you were one of those. What is it about you that he trusts?
Lord Birt: I do not accept that characterisation of the Prime Minister for one minute. He is a great admirer of the Civil Service, as am I. This is a great national asset. The Civil Service is full of extremely talented, able and capable people utterly dedicated to public service, very independently minded, never the creature of any one government. I felt privileged to work with them. I have already made clear that I think there are all sorts of ways in which a modern Civil Service needed to gain new skills and capabilities, but I have never had anything myself other than the greatest of respect for civil servants, and I know that that is the Prime Minister's position, but the Prime Minister is a challenging person. One of his strengths is that he always wants to do better, he always wants to challenge, he always wants to understand. Complacency is not built into his nature, and so he will keep challenging; but that is not the same as suggesting that he does not have a great trust in the inherent strengths of the British Civil Service and his ministers.

Q292 Kelvin Hopkins: That is not the picture that we get from reading a recent article by Sue Cameron in the Financial Times, who has written a very long piece about the difference between life under Sir Gus O'Donnell and under his predecessor.
Lord Birt: I read lots of those pieces. I had the privilege of being in the heart of government for six years and I very rarely recognise the truth as I experienced it from them.

Q293 Kelvin Hopkins: One particular question. The Prime Minister asked you to lead some work on the future of transport. There are lots of people who know a lot about transport and have good, intelligent thoughts about how we should manage and run our transport systems for the future; indeed, I know a lot about it myself but I am not the sort of person the Prime Minister would ever ask, and I appreciate that, but why did he want you to lead the transport research? Do you have any knowledge of transport?
Lord Birt: You are again, I think, asking a question more appropriately put to somebody else. I wonder if there is something simple that I may not have made sufficiently clear to you, which is that I did not sit in an office and look out of the window and wonder how to make the world a better place. Who do you think I worked with? I worked with the most expert people in government and in the outside world who brought a huge body of knowledge to bear, not least the extraordinarily capable research facility within the Department for Transport itself. It was a large team, it was a multi-disciplinary team, which is something that I do not think has been drawn out so far. These Strategy Unit teams are composed of economists, of mathematical modellers (often coming from the outside world; I have worked with some modellers of extraordinary distinction). In addition, some of the team have business analyst skills—Mr Flynn and I touched on this earlier—who are capable of examining a mass of information and distilling out of it key insights; so it was a multi-disciplinary team heavily involving the key experts in the Department for Transport. My job was to marshal the work and to draw out of it the critical insights for the benefit of the Prime Minister and, I hope, for the wider benefit of Whitehall itself.

Q294 Kelvin Hopkins: The impression you give is of a collegiate approach, discursive, and whatever. The impression of the outside world certainly is that there are decisions made at the centre and driven out and that it is the job of ministers, departments and Parliament to do what the centre says, not to have a view?
Lord Birt: It was not my experience of how the Prime Minister operated. He is a very evidence-based person, he is very happy to be exposed to very uncomfortable analysis, he does not shy away from being exposed to radical notions. He involves his colleagues but he is a challenging person, and I think that is right and that is why I was very happy to work with him for six years.

Q295 Kelvin Hopkins: One last question. I heard the reference to evidence-base and I did gasp slightly because there are so many areas, I think, where the evidence suggests that the opposite of what the Government is doing would work better. I just take one example. PFI is horrendously expensive, the Treasury is getting twitchy about paying the bill for it and the evidence is that it should be dumped and we should go back to funding things by cheap public investment with government borrowing from the money markets, which would save the tax-payer vast sums of money and retain things in the public sector. That is an evidence-based argument that I put and yet it is ignored by government. Why is that?
Lord Birt: That is not an issue that either I studied or would like to comment upon.

Q296 Mr Liddell-Grainger: If you look back, Lord Birt, at your six years in government, what are your three crowning achievements? What are the three things you can look at outside this place and say, "I did that"?
Lord Birt: This is like being on Desert Island Discs!

Q297 Mr Liddell-Grainger: Yes. Let us go for it. I will ask for your favourite song in a minute!

Lord Birt: I cannot answer the question.

Q298 Mr Liddell-Grainger: Come on?
Lord Birt: No, I cannot.

Q299 Mr Liddell-Grainger: Why not? Give us an insight?
Lord Birt: I would have to dig a hole in the ground and speak into it!

Q300 Mr Liddell-Grainger: That is the worry, is it not? This is a government of targets. What is your target? What have you done to say, "I have hit my target"?
Lord Birt: I am not sure I can add anything to what I said before. I was very happy, very privileged to come in in 2000. I have had some of the most extraordinary, fulfilling and happy experiences of my life. I have seen the capability of government in the period grow enormously and I am happy to have been on the team, but I would not wish to extract anything that I felt I was myself personally responsible for. It is just not in the nature of the way government works. I hope I was valuable, but I do not want to suggest that I was responsible for any particular achievement.

Q301 Mr Liddell-Grainger: You sound like a child of the sixties, happy with life's experiences!
Lord Birt: I am a child of the sixties!

Q302 Mr Liddell-Grainger: You sound as though you are smoking dodgy fags or something. There must be something you can tell us. What have you done? You have sat in an office in there and you cannot tell us anything?
Lord Birt: No, I would be happy to tell you lots of things—

Q303 Mr Liddell-Grainger: Give us a clue. Binge drinking has gone up.
Lord Birt:—but you will have to take me for a drink!

Q304 Mr Liddell-Grainger: That is an open invitation. Annie's Bar at twelve! Come on, Lord Birt, there must be something you can tell us that you have achieved. Give us a clue?
Lord Birt: I have nothing to add to what I have just said.

Q305 Mr Liddell-Grainger: All right. You are now outside. You are looking in. You have moved on. You are looking at the Civil Service, you are looking at the departments and you can look at them objectively. Who is failing?
Lord Birt: Who is failing?

Q306 Mr Liddell-Grainger: Yes, which departments are the failures?
Lord Birt: Again, you seem to want to ask me questions which I am sure you realise I will not want to answer! It is not appropriate that I share with you all of the insights that I gained in government. It is not. These are matters for others. The answer to your question may well come out of Gus O'Donnell's capability reviews. Let me not dodge. I am not going to name names, it is quite inappropriate, but not all departments are strong, not all of them have the right measure of capability. All the ones that I have experience of are in a process of steady—and sometimes better than steady—improvement, but we have not gone on to talk about some other things. Let me be specific in order to give you something and purge your frustration! If you look at an area which we have not discussed, which is financial capability in government, would anybody suggest that historically the financial capability within the average Whitehall department was really strong when compared with a modern corporate finance capability in the private sector? The ability to delve down and understand in detail how money is spent, to relate it to outcomes—are very difficult and require advanced skills and capabilities. Whitehall has not traditionally had the model of a director of finance. That is all changing. Mary Keegan of the Treasury is leading a drive to improve the capability of the financial function across government, but if you said to me: do I think that the average department has the equivalent financial capability of a major global corporation? I would say, "No, it does not yet have it", and I could give similar examples in other areas. I think there are some departments that have worked really hard at this and are at the top end of the scale, and some, in the way of things, that are laggards. I am not going to name names. You would have to ask Gus O'Donnell that question.

Q307 Mr Liddell-Grainger: Come on, Lord Birt. You are a frustrating man, sir. I can think of IT projects, tax credits, pensions, single farm payment, to name but four that are disasters and here you are, six years in government, in the centre, in a spiral staircase across the road, and what have we got out of you? Pitifully little.
Lord Birt: I am sorry.

Q308 Mr Liddell-Grainger: You have got to have a personal view?
Lord Birt: I do. Of course I have a personal view.

Q309 Mr Liddell-Grainger: Let us take tax credits. You cannot answer it?
Lord Birt: I have tried to explain, I just think it is not appropriate for somebody who worked for the Prime Minister for six years and was privy to a lot of confidential discussion. I do not want to come out and parade a set of insights.

Q310 Mr Liddell-Grainger: I am not asking you what is not in the public domain.
Lord Birt: I have tried to be helpful to the Committee in terms of setting out the broad picture.

Q311 Chairman: What is it that makes a department strong and what is it that makes it weak?
Lord Birt: We are now not talking about politics, we are talking about something which would be true under any government and under any minister. It is a good question. I have touched on many aspects of

it already. The place where I would start is a very deep system-wide understanding of the sector over which it has oversight. Beyond that it has to have all the obvious things: it has to have capable operational civil servants supervising the key dimensions of policy; but, importantly in a modern organisation, it also has to have world class skills in some of the other areas we have been discussing, ie in finance, the ability to pull apart the department's finances; and also in technology, where also a department has to have a system-wide overview. Technology is hugely important today as we all understand. Having an overview of the ways in which you can harness technology to improve public outcomes in your sector is again a relatively new occurrence in Whitehall; or even having a CIO[1]. All the CIOs are not yet at the top table in their departments, and I think they should be. Also, finding the public sector equivalent of somebody to run the marketing function—but for marketing here to mean understanding the citizen, what does the citizen want in this particular domain, how are services delivered by the system? Are they delivered satisfactorily? Are they delivered seamlessly? HR is only gradually being professionalized across Whitehall. I mean introducing modern HR capabilities so that you make sure you not only recruit the most talented workforce but you develop it, you train it and you incentivise it. I think that is work in progress. I would look to see a department, like a modern corporation, at the top level has an appropriate range of skills directing the department's affairs.

Q312 Chairman: These are the criteria of a good department. If a department lacks these things, whose responsibility is that?
Lord Birt: I think it is the Cabinet Secretary's. Andrew Turnbull led a lot of work in this domain which has not received enough public notice. We are seeing some really significant things happening. We are seeing the professionalisation of the support functions. This is not a technical issue, this is really important. How can you take a holistic overview of institutions and sectors unless you have got the best quality modern skills at the top level in your department to enable you to do it? Andrew Turnbull led the beginnings of the process, creating centres of excellence in the Cabinet Office and the Treasury to lead the support functions, which is very, very significant. I think the overall responsibility for Whitehall's effectiveness rests with the Cabinet Secretary. The government of the day has a responsibility to drive it, to make the quality of government better, but it is basically in part an investment in future capability and I think it is for Sir Gus to lead that process.

Q313 Mr Prentice: Why was it necessary for you to be based at Number 10?
Lord Birt: Because I was working for the Prime Minister and if you worked at Number 10 you were in close proximity to him.

[1] Chief Information Officer

Q314 Mr Prentice: The Prime Minister's Strategy Unit is based in Admiralty Arch which is—
Lord Birt:—a short walk away.

Q315 Mr Prentice: How often did you see the Prime Minister? Did he wander into your office for a brainstorming session?
Lord Birt: When you finally get your invitation to join the Government you will discover that there is not much opportunity for people ambling around and chewing the cud. It is a very intensive business. Every minute of the day is scheduled. I saw the Prime Minister always when it was appropriate to see him and never unnecessarily.

Q316 Mr Prentice: How often?
Lord Birt: I always operated a simple principle, which was either he asked to see me or I asked to see him when I had something significant to say to him.

Q317 Mr Prentice: It is a very simple question. On average, how often did you see the Prime Minister on a one-to-one basis?
Lord Birt: I would probably have seen him—I am absolutely guessing now—30 or 40 times a year, something like that.

Q318 Mr Prentice: So once a month or something like that.
Lord Birt: That is more than once a month. I would say once a week to once a fortnight, probably more likely once a fortnight.

Q319 Mr Prentice: You left after six years. You said it was a very fulfilling time in your life. After six years had you become institutionalised?
Lord Birt: I do not think anybody dealing with me would have said so.

Q320 Mr Prentice: Did you have any fresh insights to bear? After six years at the centre of government did you feel that perhaps you had just run out of steam?
Lord Birt: Absolutely not, no. There are always new issues being thrown up. As you deal with one set of issues a new set arises. Government is no different from anything else.

Q321 Mr Prentice: I know you were on an unpaid contract. Did you want to leave Number 10?
Lord Birt: My leaving was for purely personal reasons and had absolutely nothing to do with my time at Number 10. My preference would have been to stay on, and that is what the Prime Minister wanted, but for personal reasons I had to leave.

Q322 Mr Prentice: At the very outset you told us there had been a substantial improvement in the capability of government. Is policy-making better now than it was six years ago?
Lord Birt: Yes.

Q323 Mr Prentice: Let us take policy-making in the area of health. That is better, is it, with this huge restructuring that is going on at the moment?

Lord Birt: It is, yes.

Q324 Mr Prentice: What about education? You have had particular responsibility for education. Policy-making is better in education as well, is it?
Lord Birt: Absolutely.

Q325 Mr Prentice: Were you surprised when the Director of Education in Durham, which covers the Prime Minister's own constituency, said that the current Education Bill "means the end of state education"? That is a man who has been working in education for 34 years.
Lord Birt: I have to answer that question at a high level. I answered yes to all of those questions because I have absolutely no doubt whatsoever that government has an infinitely deeper understanding of the total education environment and the total health environment. There are innumerable problems that policy has to cope with in both systems. Do I think we have analytical clarity about what the problems are? Yes. Do we have a broad sense of what better outcomes we want to achieve over time? Yes. Are those outcomes difficult to achieve in enormously complex systems involving employing very large numbers of people? Of course they are difficult. Will the path from where we were to a better future be a difficult one? Of course it will be. It is true in all spheres of human activity. If you are trying to transform a private sector company you have exactly the same problems. Strategy is hard, intellectual work, it can take a very long time and you have to wrap a wet towel around your head; but implementation is much harder in all systems. It is very hard to bring about massive organisational change. The result is never perfect. When politicians are in oppositional mode they pick on all the imperfections. There will always be imperfections, there will always be things that do not go right. Changing organisations is really hard. Institutions do not start with the right skills. They do not start with the right capabilities. They will often have to acquire them along the way. The progress from where you are to a better place will be generally a rocky one.

Q326 Mr Prentice: Should we trust the experts? I have been listening to you carefully and it seems that government is really a technocratic managerial thing. You train people up so they have an understanding of what is happening out there. They are the experts and we should be guided by their recommendations.
Lord Birt: No.

Q327 Mr Prentice: No?
Lord Birt: In the end politicians must determine the public outcomes they wish to achieve, and different political parties will have legitimately different perspectives on what those outcomes are. What we are talking about is, whatever party is in power, whatever better outcomes they wish to achieve, they should have the aid and assistance of a well-run, well-organised, skilled Civil Service to help them to deliver those outcomes; and for those outcomes to be delivered you have to have an evidence-based system. It does not matter what political party you belong to, you will not get to those better public outcomes without a really deep understanding of the evidence base; and that has been one of the gains of the last few years.

Q328 Mr Prentice: I do not want to use jargon but sometimes it is impossible not to. Crosscutting policy work, is that working well or do we still have the old Whitehall model where policy is made "silo" style in each department?
Lord Birt: This is a good question. That is where we came from. I think it is a myth to suggest that, if you go back into history, the departments themselves had a holistic policy in their areas. I think the reality is that the different parts of the department did have their own policies, but the departments themselves did not unite those policies together. That is the world we come from. You might describe it as a kind of micro-policy world. We are in transition to a world which is more strategic, which tries to pull all these things together and make them whole. It is going to be an imperfect journey. A lot of the really hard things in government actually involve five or six departments and in all systems it is really hard—in the jargon—to manage across the matrix.

Q329 Mr Prentice: There is no point me asking you for an indication of some policies which have failed or are in the process of failing because government departments are not working well together. There is no point me asking you that question.
Lord Birt: Is that a question?

Q330 Mr Prentice: I am not going to get an answer, am I?
Lord Birt: It is a world of greys rather than blacks and whites.

Q331 Mr Prentice: Let me talk about a shining white issue here. You talk about a strategy having a three to five year horizon. You told us earlier that the Strategy Unit did a huge amount of work that you were unaware of.
Lord Birt: Uninvolved with. I would sometimes be aware of it but not involved.

Q332 Mr Prentice: Does it surprise you to hear that the Strategy Unit is doing no work whatsoever on the replacement of Britain's nuclear deterrent? A decision has to be made, we are told by the Prime Minister, in this Parliament, that is within your three to five year horizon. Are you shocked that such a momentous decision, costing perhaps up to £20,000 million, should not warrant the intellectual clout of examination by the Prime Minister's Strategy Unit?
Lord Birt: I am glad you are such an admirer of its skills and works. My knowledge is no longer up-to-date. I think the important thing to say is that there is indeed an energy review, which I have absolutely no doubt, from my knowledge before I left government, is going to be exactly what I hope you would wish, which is an evidence-based review. I know for certain that there are people involved in

that review that have come from the Strategy Unit and have the sort of skills that you would hope would be brought to bear on an extremely important question.

Q333 Mr Prentice: I am not talking about nuclear power, I was talking about the nuclear deterrent.
Lord Birt: I am terribly sorry. Forgive me. I heard one word and answered the wrong question. The Strategy Unit is confined almost exclusively to domestic policy.

Q334 Mr Prentice: But it does non-domestic work as well. We had the list circulated before us and we had the opportunity to speak to the head about it.
Lord Birt: From my knowledge and recollection, it occasionally went into foreign policy areas. In the context Mr Flynn identified earlier, for instance, when the Strategy Unit looked at drugs policy, it was impossible to look at drugs policy without looking at the drugs supply route around the world. To the best of my knowledge it has never done any pure foreign policy or defence work. That is a different part of the woods. The foreign affairs/defence/intelligence capability is differently organised and I had very little to do with that myself.

Q335 Mr Prentice: Have you read the Labour Party Manifesto?
Lord Birt: A long time ago.

Q336 Mr Prentice: We only had the election in May last year.
Lord Birt: That is a year ago. If you were going to give me a quiz on it—
Chairman: It is a preliminary to another question.

Q337 Mr Prentice: It is a very straightforward question. A year is not such a long time in politics. Have you read the Labour Party Manifesto?
Lord Birt: I did read it at the time, yes.
Mr Prentice: Because it has "forward" there; that is all about a "forward" strategy.

Q338 Chairman: You mentioned the energy review. The Government is doing the energy review as an internal exercise, minister-led. We had the pensions review as an external exercise, a big outsider. How do we choose between these models of doing reviews? What are the criteria?
Lord Birt: It is not my choice. I think it is horses for courses. There are different paradigms. There are, as I am sure Mr Aldridge shared with you, some things which are done for the Prime Minister alone, where he wants to think very privately about some issue of the day, and the circulation is low. On the other hand, I think Adair Turner has done an absolutely outstanding job on pensions. That is a very good example of a distinguished, independently-minded, challenging individual working with a body of expertise and laying bare the real choices for us all in a non-partisan way. That plainly has a huge virtue in raising the quality of public debate. As a citizen, the more we have of the latter the better. The more our democracy is well informed and our debate is civilised and informed the better.

Q339 Chairman: The model we used to have to do these big strategic inquiries was the Royal Commission which we have dumped. Why have we dumped them?
Lord Birt: I think again you are asking the wrong person. I have no great experience of Royal Commissions except of being on the receiving end in a former life. I personally think that is a less effective model most of the time. There are some issues before us on which it would be nice to build cross-party consensus, and take out of the day-to-day of politics and maybe we need models which enable us to do that. The weakness of the Royal Commission model is that it is a bit top-heavy. I think really good acute work happens in the circumstances that I identified earlier, where you have skilled multi-disciplinary teams that can spend months burrowing away at the data and drawing out insights. Having a lot of distinguished members of the great and the good sit in a room taking polite evidence from experts is not a very good way of gathering data and insight generally. There may be good reasons for it, but I think it is horses for courses. I was not involved in making those choices.

Q340 Chairman: I wondered whether you had not thought about a kind of menu of strategic inquiry models that might exist and when you might use one as opposed to another because they seem to use them in all kinds of different ways at the moment.
Lord Birt: It was not me who used them. From the Government's point of view there are going to be different reasons. As an individual who spent most of his life in the media, all my instincts are for open and well-informed public debate, and the more we have of it the better.

Q341 Chairman: When you were appointed it says the Prime Minister was looking to you for confidential advice on the long-term strategic issues facing government. Although you were committed to open debate, in fact it was on a confidential basis. To what extent does it need to be confidential to be effective? Is it possible to be confidential because, as it happened, the analytical side of work has become available through FOI requests and all the rest of it? What is the balance between the confidence and the openness?
Lord Birt: Again, it is a good question. You are all politicians and you know the answer to the question. I have already said that as an individual one wants to see really serious and significant evidence-based work exposed to the widest possible community, in Parliament, in the media and in the organisations most affected. That must be the ideal. Why does it not happen? It is because of the nature of our modern political culture.

Q342 Chairman: So from your point of view, as someone doing the work, it would not have mattered, in fact it would have been a good thing, if

this had been open to public debate, but it would be politically awkward if that was the case though, would it not?
Lord Birt: Let us talk plainly. Of course evidence-based work and evidence-based policy can be politically awkward and other parties can make trouble at the expense of the government of the day and it was ever thus.

Q343 Chairman: This is why one of the issues around this whole area of strategic thinking in government has been dogged by the question of whether this should go on close to government or whether it should go on at a distance from government. Close to government is good because it buys into the system and bad because any bad political waves that come out of it you get tarred with. That is why Heath got into trouble with the central policy review staff when they started saying we will turn the NHS over to a private insurance system and then they had to say this was not what they were proposing at all. So you want the distance to be able to think radically, but you want the proximity to be able to get influence. Which is the right way to go?
Lord Birt: There is a slight air of the utopian about this. The utopian answer is the more we have substantial evidence-based work in the public domain the better. We should not mislead ourselves, no organisation can match government's capability. The rich reservoir of understanding that exists in departments is extraordinary, and no academic body can replicate that. When you dip into that reservoir of insight and understanding, however, it is often inchoate. You have to draw out of it the essential strategic insights and so on and so forth. It is not possible for anybody but government to do really searching, profound work, but obviously there are a lot of other bodies around, think-tanks and such like that are doing their best with publicly available information. I said earlier that as a citizen, speaking in this utopian framework, it would be nice if Parliament and the media were pressing the whole time for robust long-term solutions to our problems and showed a better understanding of the difficulties getting in their way, but that is not the world we live in.

Q344 Chairman: You would like politicians to become more unpopular, would you not?
Lord Birt: I think the truth is that better public outcomes will often only come at the price of someone's popularity.

Q345 Chairman: We have these dreadful things called elections that come up every four years and it distorts the strategic time cycle, does it not? What are we going to do about it?
Lord Birt: I look forward to the recommendations of the Committee!

Q346 Paul Flynn: This report that you produced would have been the poorer if you knew it was going to come into the public domain. Is that true? The conclusions that you reach, which are uncomfortable for the Government, are that the Government is charging off in one direction and you are pointing to another direction. What does this say for future reports of this kind? If you knew this report was going to come into the public domain, how much the poorer would you have been?
Lord Birt: It is reasonable that governments think in private. It is neither one thing or the other.

Q347 Paul Flynn: You believe that parliamentarians should be denied the best thinking of the Government. I have this report which has at the top of it "Confidential Policy" on every page. It would not have been available to me and other parliamentarians who take an interest in this subject, whereas the pack produced by all government on this is available.
Lord Birt: We have a tension here which is not easily resolved. On the one hand we have the need for the widest possible information to be available to Parliament and to the citizenry at large, and on the other the reasonable inclination of politicians in our current political climate to do the most sensitive thinking in private, and there is a tension there.

Q348 Paul Flynn: So future reports, if it is known they are going to be published, will be the poorer for that.
Lord Birt: There is that risk. It would be a real risk if any government, because it was fearful of the consequences of a leak, denied itself the opportunity to do really searching evidence-based strategic work.

Q349 Paul Flynn: If Blairism ever becomes a religious cult, do you think you will be its Pope?
Lord Birt: I am a great admirer of the Prime Minister.

Q350 Chairman: It must drive you mad when you have got governments (I do not mean this Government) obsessed with tomorrow's headline in the *Daily Mail* and what they are going to do about it.
Lord Birt: I do not think this Government is.

Q351 Chairman: Governments are obsessed with it. That is what politicians do.
Lord Birt: We are talking about the tensions.

Q352 Chairman: Is there not a chasm between those daily preoccupations of politicians and your kind of big, long-term, probably unpopular strategic thinking, not least because we live in a system where we play this game of disagreement? Even when we agree we play the game of disagreement. So the kind of consensus that you might need, for example on pensions policy, which the good Swedes were able to get, is impossible to get here because what happens here is the Government proposes something and the Opposition has to oppose it instinctively and the third party has also to oppose it but on different grounds from the main Opposition, so we play this game all the time. This must drive you mad.
Lord Birt: It is deep in our culture, Chairman. We have been a disputatious nation for hundreds of years, you see this when you look at our court

system, our media system or the satirical movement which itself has been around for hundreds of years. It is a strength of our country that we are so challenging. There is no country in the world where people in power, not just governments, come under such intense scrutiny. That does bring enormous strengths, but you identified the weakness. I agree with you, we are less good as a country—and I now speak historically—at getting to the bottom of things and identifying robust long-term solutions and, as a result, in many areas of public policy we have fallen behind other major European countries over the last 30 or 40 years.

Q353 Mr Prentice: You were cleared to see information marked confidential. Were there any times in the six years when you wanted to see information of a higher classification and this was denied to you?
Lord Birt: No information was ever denied me. When you are involved in domestic policy work of the kind that I was, you just do not need to go near top secret information of that kind.

Q354 Chairman: I know that you wanted to make sure we understood the connection between strategy and delivery. I wondered if you just want to say a quick word about that at the end so we have not missed it.
Lord Birt: I think you kindly asked me questions which did allow me to elaborate on that.

Q355 Chairman: If you think we have covered it then that is fine.
Lord Birt: We covered it when we talked about the growing capability at the centre. We perhaps ought to have mentioned Civil Service training, which again I think has been high on the agenda in recent years. There is no talent problem in the British Civil Service, but many civil servants need to acquire a new portfolio of skills, more the kind of skills you would find in a modern private sector environment. That work is under way. It is not yet done.

Q356 Chairman: It has been lovely to see you. The sky would not have fallen in had you come to us when you were still in office. The sky will not fall in because you have come to us now.
Lord Birt: Are you sure?

Q357 Chairman: I am pretty sure. You have informed our thinking. Thank you very much indeed.
Lord Birt: Thank you, Chairman.

Thursday 22 June 2006

Members present:

Dr Tony Wright, in the Chair

Mr David Burrowes	Mr Gordon Prentice
Kelvin Hopkins	Paul Rowen
Julie Morgan	Jenny Willott

Witnesses: **Lord Turner of Ecchinswell**, a Member of the House of Lords, and **Ms Christine Farnish**, Chief Executive, National Association of Pension Funds, gave evidence.

Q358 Chairman: Let me call the Committee to order and welcome our witnesses this morning, Lord Turner, who has been Chairman of the Pensions Commission, and Christine Farnish, who is the Chief Executive of the National Association of Pension Funds. It is very kind of you both to come along. We are not, as I hope we have warned you, primarily going to ask you about pensions or about the contents of your report, but what we do want to ask you about is the process of doing a report like this and being involved in a commission of this kind. The Committee is doing an inquiry into how the Government does long-term strategic thinking, and, therefore, we thought it would be extremely helpful to have someone who has been involved in doing long-term strategic thinking to come and help with our inquiry, so that is the context for the session. I do not know if either of you would like to say something very quickly by way of introduction or whether you would like to answer some questions from us.
Lord Turner of Ecchinswell: I would prefer just to go to questions.
Ms Farnish: So would I.

Q359 Chairman: Lord Turner, how did you get into this? Tell us the process by which you came to Chair the Pensions Commission.
Lord Turner of Ecchinswell: I was asked to do it in December 2002. I think the first person who mentioned it to me was Geoff Mulgan, who was then running part of the Number 10 Policy Unit, et cetera. He said that there had been a number of discussions between Number 10 and Number 11 about how to progress the issue of pensions policy and that a number of names had come up of people who might chair it, that I was one of those, et cetera, and that somebody might give me a call. I think it was Andrew Smith, who was then the Secretary of State for the DWP, who subsequently called me. You would have to ask other people about the background on how they decided on my name as somebody to ask to do that. I then had some discussions with Andrew Smith and decided it was a sensible thing to do.

Q360 Chairman: Did they explain why they thought that contracting it out to a commission headed by someone like you would be a good idea?
Lord Turner of Ecchinswell: I think part of the background of it, and one thing which might be worth mentioning, was that I had done a previous piece of work within the Number 10 arena as an independent strategic adviser to the Prime Minister on the issue of the Health Service between 2001 and 2002. These were a number of projects which were done by a number of different people, and I think the work that I had done then, the Prime Minister, in particular, had found useful. That was a confidential report, though I believe part one of it has now been released under freedom of information arrangements, but it was not intended as a wide public commission, it was a discussion of a set of issues about the future management of the Health Service, where I worked with the Department of Health but also Number 10, and I think there was probably a belief that I had a working style which worked very effectively with the department involved and not antagonistically with the department involved but was also, perhaps, taking a wider perspective than is sometimes possible within a departmental Civil Service. I think also, although it was probably not explicit, it may have been reasonably explicit, an external commission can be a mechanism for addressing issues which are either very politically difficult to deal with within the to and fro of antagonistic political debate, and they can also be procedures for creating wider thinking than is possible within civil servants who at that time are almost necessarily servicing and supporting the existing ministerial line. I cannot remember whether they were explicit but I think both of those were implicit behind it, and I think they have always been implicit behind the role of commissions or royal commissions going back for many decades.

Q361 Chairman: Did you insist that there should be a clean sheet to start with, or was there a direction to you?
Lord Turner of Ecchinswell: I cannot remember whether I insisted. I think I was probably known as a person who it was implicit that there was going to be a clean sheet, and, therefore, nobody anticipated that anything would be left unturned. I cannot remember whether I said I felt that was required, but I think most people knew that that was my nature.

Q362 Chairman: It is sometimes suggested that government ought to contract out policy advice, that is to say, in this case it could have said, "We want a pensions policy. We would like you to contract to give us one".
Lord Turner of Ecchinswell: No, I do not think a government can ever do that. Ultimately governments have to decide, because that is

democracy and that is the process and it is the responsibility of the Government to decide. I think what an external commission can do, however, is make recommendations and then it is ultimately up to government to come forward with a White Paper as a response to that. I think if people go as far as contract out, in the sense that people sometimes draw the analogy, for instance, with the Monetary Policy Committee, I think that is a misleading analogy. I think there are very few areas of public policy where it is possible to define the objective, for instance low and stable inflation, and then hand to a set of experts, "You pull the technical levers, so that you hit low and stable inflation and, as long as you do that, you are doing a good job and, if you fall outside that, you have done a bad job." There are very few areas of public policy, and it may well be that the setting of interest rates is almost the only one where you can literally contract it out. Everything else, I think, it has to be the case that you use a commission to provide advice, provide recommendations, but it is ultimately up to the Government to decide.

Q363 Chairman: I am struck by the fact that if we were appointing somebody to the White Fish Authority or the Potato Advisory Council, they would have to jump through all kinds of hoops. They would have to go through panels and be assessed and there would be selection processes, and yet we entrust someone with thinking about the whole future of pension policy and we just call them in.

Lord Turner of Ecchinswell: That is true. There was an interesting consequence of that, because it did not go through the Nolan processes, it was impossible to pay me anything, and I think that is the basic rule here—it may again be an implicit rule—that if you appoint anybody these days to any sort of quango or commission which involves any sort of payment, then you do have to go—I think those are the rules these days—through official formal processes and applications and panels of selection, et cetera; but where you have asked somebody to do something which is in a sense ad hoc in its working processes—the exact way that it works is simply made up, it has no defined constitutional role—then you can basically ask whoever you want to do it. Others will have to judge whether that is a sensible way of doing it, but that may be a perfectly sensible way to do it. It is, after all, how we appoint ministers. Ministers are appointed on total prime ministerial discretion, so it is not clear why, if a prime minister or a chancellor wants a piece of external analysis work done by somebody who is not a minister, there is necessarily any reason why they should not also be able to do that on the basis of ministerial discretion.

Q364 Chairman: It is a funny old business though, is it not? What I would like to ask you is whether the kind of model that we have adopted in your case (and I think most people think it has been highly effective in terms of the way that it has worked, the timescale that it has worked to and the nature of its product) offers as a model here for doing strategic policy thinking around government or was it a very special one-off exercise?

Lord Turner of Ecchinswell: I find that difficult to work out. For instance, I think there are some other problems which are not as amenable to this approach. Let me give you an example. I think if you said in relation to the Health Service, "Okay, the Health Service is a continual issue of public policy, it is a difficult issue, it is a highly politicised issue. Why do not we give to a group of three hopefully wise people the job of coming up with some dimensions of change to the Health Service?" I think that would be, in order of magnitude, a more difficult task than what we did on the Pensions Commission and would not be a sensible thing, because I think ultimately, although pension policy is complicated in many ways—there are a lot of technical issues—actually, when you come down to it, there are a manageable number of levers to pull at the end of the day. If you look at the recommendations that we brought forward, which were a change in the state pension age, a change in the indexation of the state pension, the introduction of the new form of pension saving, private pension saving, you can write them down on three pages and you can legislate to do them, and, once you have legislated to do them, provided there is a cross-party consensus that it is fixed, you can have reasonable confidence that it will happen; whereas there are other issues of public policy, in the Health Service above all, which are the very complicated management of over a million people who have to deliver things in a very complicated fashion, and there just are not a small number of choices to be made there. So, I think the first point to make is probably that where we are dealing with managerial delivery problems, those are not, I think, amenable to handing it to an external commission and coming up with " the answer on which we will legislate" in the same way that pensions policy might be, because the answers are not legislative initiatives. So, there are some areas of public policy for which, I am saying, clearly this model does not work. Whether there are areas where it does work, it may be, but I have not thought that through fully.

Q365 Chairman: I wonder how this relates to the way in which you operated. I was struck, looking at your background papers, that you said adamantly that you were not going to take written evidence, for example. If you had been a royal commission, which would be another model which we used to use and do not use any more, of course, you would have taken volumes of evidence from everybody in sight. I wonder how Christine feels about this. I sense reading it that you kind of knew how you were going to operate, you knew what the issues were, you did not want a lot of superfluous baggage and you identified these analytical blocks that you were going to work through to a conclusion. It was a very particular kind of process that you implemented, was it not?

Lord Turner of Ecchinswell: It was, and let me comment on that, and then Christine may want to comment on whatever it looked like from the outside. It is not quite true that we never had a written submission process. We did have a written submission process between the first and second report. After we produced the first report we said, "Here is our description of what we believe are the facts of the case and what will occur if nothing happens, and here is an array of the menu of things that we might be thinking about over the next year", and at that stage we did invite written submissions and we wrote out and alerted everybody who had been on the written submission list to the Government Green Paper of 1998, and I think we received, in total, about 150 written submissions, which were all clocked by the secretariat, et cetera, and, indeed, we had oral evidence sessions with Christine, NAPF, ABI, about 10 or 12 major institutions came along; so we did do it at that stage. What is true is that we did not begin with that process, that for the first year and a half we basically ran an analytical process. We did publish, after about four months, a description of what that analytical process would be, and we asked for comments at that time from what we called "interested and expert parties" about that analytical process. We said, "In order for us to establish the facts, we think we will have to look at these seven blocks of analysis. These are the sub-points that we will be doing. If somebody thinks we are missing a whole subject, please tell us, but this is what we are getting on with." I think that process of making it analytically driven to start with was absolutely essential, and if this model is applicable in other areas of public policy, I think it is something to learn. I think if you start with asking for huge numbers of written submissions your secretariat can get bogged down, to be blunt, with the bureaucratic and to a degree political (with a small "p") process of being polite to hundreds of people who believe they have a valid point of view where, frankly, beyond about the first 10 or 15 who know what they are talking about, there is diminishing marginal utility of the other contributions. That may seem a very technocratic and elitist thing to say, but I think it is the truth of the situation, and I think you need to make sure that a secretariat does not get bogged down with that and that you actually get on with working out some facts. The final thing to say is I think it is important to remember some of the things we did in that first year and a half on facts. We worked out what was happening to pension saving in the UK. The answer is it was not what Office of National Statistics, Blue Book, National Income and Accounts said. The Office of National Accounts, Blue Book, said that pension saving had increased from about 4% to 7% of GDP—that is the figure, if you looked at the national accounts book, the most fundamental book of UK statistics—and when we had reworked it, the figure was about 4%, it was not about 7%. You are never going to get at that by a written submission, you are going to get at that by a team of people who are setting out on graphs what is occurring and then looking at it and saying, "Hang on, that figure does not tie with that figure, so we had better drive down, and drive down, and drive down, and spend hour after hour with the guys at the Office of National Statistics getting incredibly detailed pages of print-outs on the table to work out what is going on here." I do think there are areas of public policy where we proceed too rapidly to the sharing of points of view before establishing the actual facts of the situation.

Q366 Chairman: Christine, how was it for you?
Ms Farnish: Let me briefly comment on what it was like to be on the outside of this process, representing an organisation with a huge stake in the process and the outcome. I think it worked very well, because it was done in stages and there were opportunities throughout the process for organisations like us to input, to meet the Commission, to submit evidence. We all knew who the Commissioners were, their doors were never closed, you could phone them up, you could write to them. There were plenty of opportunities where Adair and his fellow Commissioners gave presentations or spoke in informal meetings or other set-piece lecture type occasions, where we could hear the way the thinking was progressing and then make a contribution. So, it was relatively informal but there was a very good structure to it. The great thing was that the first piece of work that was done was a thorough evidence-based analysis of the problem, which was the first time that had been done in such an intensive way right across the whole pension system, with the results out there in the public domain for debate, for challenge, for people to agree that this is the scale of the problem we are facing. After that had been established, you could then move on to think about the policy options and the possible solutions; and I think that staging of the process was incredibly helpful in moving everybody forward and coming up with some good answers to these difficult, long-term problems. One of the reasons why this sort of process worked for pensions was that we are talking about something where there is a significant latency, in terms of you take a decision now but often it does not have an impact for many decades down the track. I think it is very difficult in view of the political process and the way in which policy-making works for that to be done well without periodic opportunities to step back and look at the overall impact and the long-term consequences.
Chairman: I know that we want to ask you some questions about that, but I will bring colleagues in.

Q367 Kelvin Hopkins: Lord Turner, was it to an extent because you were a safe pair of hands? You were a McKinsey man, CBI, close to Downing Street. A commission in your hands would not frighten the horses. You were the right person for the job. You would not worry them by coming out with anything too radical, especially with John Hills and Jeannie Drake, who might be pushed into or choose the more radical route?
Lord Turner of Ecchinswell: No, I do not think so. I do not think that is it. I think that is a strange interpretation of an environment where we spent

several years of big debates about whether we had gone beyond our terms of reference. I think cautious chairmen of commissions read their terms of reference at night each day before going to bed to make sure they have not exceeded them. I think I can say, in retrospect, whatever the terms of reference are, our challenge was to deal with the problem. Also, I do not think it is a correct description that John or Jeannie would have come up with something more radical. It depends what you mean by "more radical" in this environment. You would have to ask others why they selected me, but I think I have a reputation for saying things as they are and for taking the analysis wherever the analysis goes and arriving at whatever the conclusions the analysis leads me to. I happen to think that is the McKinsey training. The McKinsey training is a bizarre thing called fact-based analysis, which is if the facts take you in a certain direction you end up in a place where you did not know you were going to be to start with. I think, in some ways, it is the opposite of a safe pair of hands, because you do not know where you are going to end up when you start.

Q368 Kelvin Hopkins: I may say, I was one of those who were pleased with the direction of travel which your report has indicated, despite some criticisms. But were any differences evident between, shall we say, Number 10 and Number 11 Downing Street? Clearly at a later stage there appeared to be some tension, and, indeed, it is suggested that the stance taken in the Government White Paper was finally decided by the Prime Minister, effectively pushing the Chancellor into a corner?

Lord Turner of Ecchinswell: I do not think it is terribly useful for me to go through the details of what has been extensively discussed in the press. I think there was probably right at the beginning a slight ambiguity within the terms of reference as to whether we were only going to look at private pension savings or at the state pension system as well, and it has been inferred by many people that that may have reflected a slight difference of point of view between Number 10 and Number 11 to start off with. We very quickly arrived at the conclusion that it was impossible to end up with sensible conclusions on the private pension side without also commenting on the state side, and we went through a process that resulted in the White Paper that we ended up with. I think that is all I can say.

Q369 Kelvin Hopkins: If one could take a more historical perspective, it seems to someone like myself, who takes a more left view of pensions, that for two or three decades we were pushing in the wrong direction, the super tanker, one might even say the Titanic, was sailing towards a couple of icebergs and these were starting to become more evident, even to the Government, and something had to be done, something sensible had to be done. It was not a question of playing politics, but something had to be done with the ship that was sailing into difficult waters. Is that a fair description?

Lord Turner of Ecchinswell: I think there was a correct decision made at the time of setting up our commission that we needed to step back and look at the totality of our pension provision in the UK, because I think, as our report set out clearly, UK pension policy, with remarkable continuity between the previous Conservative government and the Labour government until now, has been based upon some propositions which when you stepped back and looked at them turned out not to be true. The proposition has been that the state would be able to do less and less for the average citizen in terms of pension provision because private pension saving would voluntarily grow to fill the gap. That was the overt policy which lay behind contracting out, behind approved personal pensions, behind the link of the BSP to price indexation under the Tories, and it remained the proposition of public policy in the 1998 Green Paper, which overtly said that the balance of pension provision would shift from the state to the private side. The crucial thing that we did in the November 2004 first report was say that this fundamental proposition that voluntary private provision is growing and will grow to fill the gap left of a retreating state just is not factually correct, so we had better face that and we had better work out what we are going to do about it.

Q370 Kelvin Hopkins: People like myself are very pleased indeed that you turned the Titanic away from the iceberg at the last minute it seems. But projecting what you said, would it not have been better to start where Barbara Castle and Rooker-Wise had left off and move on from there, instead of going through the two decades of pain with attempts to create private provision which were destined to fail?

Lord Turner of Ecchinswell: My judgment on that is that correct pension solutions are political economy dependent. What I mean by that is I am a great admirer of the Swedish pension reforms, which are a reasonably generous form of "pay as you go", earnings-related pensions system provided by the state, but that is not what we came up with for the UK. If I had been Chair of the Swedish Pensions Commission I would have ended up with something different. You have to live within an environment as to what is the attitude to the overall role of the state and the overall level of taxation, and we ended up believing that in the UK there will only be the political support for providing a good, adequate flat-rate pension provision and not an earnings-related "pay as you go" tier. My interpretation of what happened in the 1970s is that British pension policy got committed, on the basis of an apparent but not real cross-party consensus, to trying to do earnings-related pensions on top of flat-rate. There was, however, no political consensus about the extra tax that that would require, and we have spent the last 25 years doing two things badly rather than one thing well. We have had an inadequate and increasingly means-tested flat-rate pension and, on top of that, we have had a complicated earnings-related pension, so complicated and so salami sliced by changes that nobody can understand what it is.

What the Commission did to a degree was, at the end of the day, to say, "We have got to go round in a circle and we have got to go back to the state only does flat-rate pension provision but it at least does that adequately." In some sense it is almost back to Beveridge, as John Hills has suggested, rather than back to 1970s Barbara Castle. The Rooker-Wise amendment is, of course, the particular thing of the earnings indexation, but the other bit of Barbara Castle in the 1970s was the introduction of SERPS, which interestingly passed through the House of Commons with almost total support but without really the established consensus about the level of taxation which was going to be required, or contributions which were going to be required, to pay for SERPS, and I think that is part of the story. One of the reasons why we have ended up for the last 25 years linking the basic state pension to prices was to make way for SERPS expenditure within constrained public expenditure, and we have sort of called a halt to that game.

Q371 Kelvin Hopkins: Finally, you have been subject to a certain amount of criticism for not going far enough, quite rightly, by people like Ros Altmann and by the National Pensioners Convention and one or two others. But to an extent was what you came up with in the end a political balancing act? Did you not have to throw some red meat to the Chancellor in the form of deferring the restoration of the earnings link (raising the pension age and a number of other things) to disguise the fact that you were actually moving away from private provision back to sensible state provision?
Lord Turner of Ecchinswell: First of all, the delay of the indexation from 2010 to 2012 was a decision made by the Government in the White Paper. It is not something we set out, though we did discuss the possibility. There is no magic about 2010, you could delay it a bit, but we also clearly said there is a point beyond which you delay it where you undermine the architecture. Were we operating within a political reality? Yes, to a degree, but I do not think that is just in relation to the present Chancellor. I do think that some of those who say to us, "Why were you not more radical? Why did you not propose a citizens' pension now at an adequate level?" have to answer the question, "Okay, that is very fine, but where are you going to get 1% of GDP from in 2010?" The easiest thing in the world for an external commission is to say that, looked at from the point of view of pension policy, we would like, within the next five years, another 1% of GDP devoted to it, and then the guys who do defence policy can say the same, and the guys who do health policy can say the same, et cetera. We decided we were not going to do that, we were going to propose something which we thought was doable within a reasonable set of public expenditure forecasts. So, to that extent, it was not giving red meat, or any other form of food, to the Chancellor, it was simply living in the real world. On the state pension age, that was not a give away to the Chancellor. I think that is an absolutely core and fundamental and sensible piece of policy. There is no way that it is possible to afford a pension rising in line with earnings at a fixed state pension age in the face of the increase in life expectancy that is occurring. It is unaffordable and it is unfair between generations. The fair principle between generations, the one which has a sense of intergenerational solidarity and fairness, is that each generation should have roughly the same proportions of life spent paying into, and receiving from, a state pension. Let us be clear. That was not something which was political, that is an issue of principle which we strongly believe in.

Q372 Chairman: I said we were going to do the process of making pensions policy as opposed to pension policy.
Lord Turner of Ecchinswell: I am sorry.
Chairman: No, it is not your fault. We shall cross the line, I am sure, endlessly, but we should nevertheless perhaps try to preserve it.

Q373 Mr Burrowes: What could your Commission offer to the table that could not have been provided DWP internally or the Strategy Unit in the Cabinet Office or, indeed, by Lord Birt, as the Prime Minister's strategy adviser, doing the blue-sky thinking making sure they had thought about pensions as well?
Lord Turner of Ecchinswell: I think the particular thing that a commission of our sort did was the sort of, to a degree, blue-sky thinking free from short-term Civil Service constraints, but in the public arena rather than privately. If you compare it with two alternative approaches, I think if you simply do blue-sky studies, however good they are, however fact-based, however, analytical, but they are literally just private reports for the Prime Minister, there is a limit to the extent to which you will build public consensus. There is also a limit, frankly, to which you will learn from people who know things. Christine described earlier that, although in the first year and a half we did not have a formal written consultation process, I had probably spoken at three or four NAPF conferences or meetings, John or Jeanie did the same, and Christine would come to informal meetings with us. There was a continual interchange of emerging ideas with all of the groups which, as it were, had a major interest or which had a major policy expertise in this area. I think that is very important, because ideas are developed by sharing your initial ideas with people who know something about it and arguing them out. So, that is compared with the Lord Birt, blue-sky thing. Compared with the Civil Service, I think government always has a problem, and if you go back many decades, the history of the British government, probably of all governments, involves an attempt to create devices to get round this problem, that civil servants to a degree have to defend the existing governmental line, and the Government line, particularly for a government which has already been in power for six or seven years, necessarily involves defending the policy which has been in place for the past six or seven years, so you end up with an institutional tendency for defence. One of the things that struck me looking

at the Civil Service, DWP and other areas, is how much very intelligent, capable energy is devoted to answering parliamentary questions, but answering them in a fundamentally defensive fashion. Let me give you this very specific example. I mentioned earlier the fact that the Office of National Statistics' figures were wrong. The first inkling that there was something wrong was in questions which were put forward by David Willetts back in about 2001, and if you look at the institutional reaction of DWP at that time, it was denial. It was, "We must now get a clever civil servant to write us an answer that proves that the figures are correct." It was not, "That might just trigger a thought that the figures are wrong. Let us take our three brightest, clever people, send them over to ONS for the next week and only let them out of the room when they have torn every figure apart and made sure that the figures are right not wrong." One of the things that government has to do, but also businesses have to do, and I think the military have to do, is create institutional space for people whose job is not to defend the existing line, who faced with criticism do not say, "Let me prove why I am right", but faced with criticism say, "We had better check out whether that criticism is right or wrong", and so external commissions are to a degree an institutional device for allowing governments not to be defensive of existing established policy lines.

Q374 Mr Burrowes: Is it not also a device for allowing the Government to put it out to an independent commission and suck and see the public reaction and then reject it as well?

Lord Turner of Ecchinswell: It can be that as well. There can be a process of political management. Let me give you one completely overt example on that. I have to say that within about the first three months of my time at the Commission it was obvious to me that the answer would have to involve some combination of a more generous, less means-tested state pension but that the only way that that was fair or affordable involved an increase in the state pension age. That was not a dramatic insight. If I had sat down with Christine on day one—

Ms Farnish: We had made that proposal in 2002!

Lord Turner of Ecchinswell: That was obvious to us, but it was obvious to us very early on. But we worked in an environment until a year ago where not a single politician would say publicly that the state pension age was going to have to go up, though I have to say, quite a lot of them would say it to me privately, and so you are to a degree used as a device for telling society the obvious truths of what is going to have to occur. Where politicians are caught (and this is not meant as a criticism) they are caught in a systemic trap that they cannot be the first to say it. Let's be blunt, if three years ago any one of the political parties had said the state pension is going to have to go up, the other parties would have attacked them for it. They would not have said, "Yes, that does strike us as a fairly essential part of the solution." They would have used it for short-term political advantage, and a commission is sometimes used as a way of helping public policy to progress to the obvious in a way that antagonistic party politics makes it very difficult to do.

Q375 Mr Burrowes: How much of your Commission was in a sense you leading the way in forming public opinion? You say that you wanted to gain a consensus. You seem to align yourself with it and in that sense there is a suspicion there of it becoming taller than the political process in a sense. Can you say whether there was any coordination, for example, with the Government's national pensions debate and whether really you are there to help them in their communication strategy as opposed to perhaps robustly challenging their thinking and public thinking?

Lord Turner of Ecchinswell: Let us be clear, that by the time we got, for instance, to the National Pension Day in March this year, the National Pension Day in March this year was essentially a consultation around the proposals that we had made in the second report; so it would be pretty unlikely that we would be sitting there saying, "We disagree with these proposals put forward", because they were the proposals that we had put forward. That was a government process of consulting on our proposals.

Q376 Mr Burrowes: You say you wanted to gain a consensus. How far do you see your role to be able to just increase people's understanding and allow people to come to an acceptance of the way forward, and how far did you want to lead the way?

Lord Turner of Ecchinswell: I am not sure there is a firm distinction there. We had an inkling originally, and then slowly we grew to the point of view that there would have to be both an increase in the state pension age but that the pension that you get at that later age should be linked to earnings not prices. Then, having intellectually arrived at the idea that that was a required part of the solution, we were continually involved in the process of trying to convince people that that was a required part of the solution. So, you are building a consensus but you are building a consensus around something that you have become intellectually convinced of, and we were doing that at the time of the second report and we were doing it publicly, we were doing it privately. One of the things we did do after the first report was that we did have public meetings, completely open public meetings in Belfast, in Cardiff, in Edinburgh, and, I forget, there was one outside London in England—because one of the other commissioners did that I cannot remember where it is—but at those we were deliberately, for whoever turned up, setting out figures on what was happening to life expectancy, what would happen to the sustainability of the pension system if we did not increase the state pension age, but also how far the value of the basic state pension was going to fall if we did not link it to average earnings. We were trying, by setting out facts, to make people go through the same intellectual process that helped them arrive at the

conclusions that we had arrived at. One was trying to create a consensus around a point of view that one has arrived at intellectually.

Q377 Mr Burrowes: If you can look in hindsight at the processes, is there anything in the process of this kind of thinking, if you were able to start again, that you think could be improved, that you would wish to have done better, perhaps also drawing upon the experiences in the private sector and the voluntary sector and perhaps bringing Christine in in terms of the way that this kind of strategic thinking can be done?

Lord Turner of Ecchinswell: In retrospect I would not change much, because we feel that the result has been a successful result and, therefore, once you have had a reasonably successful result, you tend to think the process was a reasonable one. There were lots of twists and turns along the way. We did not know there were going to be bits of the process which we ended up with, but I really would not change fundamentally, I think the structure of the team, the number of civil servants we had on the team, the division between the first report, the second report and the final report, I would do it again roughly in the same shape, if I had to do it again.

Ms Farnish: I think it went very well and we were extremely lucky, but some of the reasons why it went well were, first of all, the Commissioners did manage to flex their original terms of reference. One of the key things is getting the terms of reference right at the outset and ensuring that they are broad enough to allow the whole system to be looked at. One of the problems that has bedevilled pensions in the past is that the state system has been looked at separately from the privately funded system quite often, with different bits of government involved, and there has not been a joining-up of thinking. The way in which the two parts of the system interact has often not been considered fully. So, that was very fortuitous, and maybe with a different Commission, people with less strength of mind and strength of intellect and strength of vision, we might not have had that at the outset. Then there was the real determination to get to the bottom of the evidence and, where there were dodgy statistics, to make sure that we got good evidence, and that, again, was fortuitous. It is possible that you could have had the same process and a different group of people and that would not have happened. Then the decision to do it in stages, which I think was a very wise one. They took people with them by first of all laying out the evidence, which was pretty irrefutable, but it was the first time that rather unpalatable picture had been painted that took us through to 2030, 2040 and showed us how weak our system would be unless we did some quite difficult things. After having got everyone to that level of understanding, you can then move on and think about the difficult things that then need doing and then get to that point. We were lucky, and there are lessons to learn as to who is in charge, how the terms of reference are framed, and making sure that the process is staged in that way.

Q378 Chairman: Is it the case that different commissioners would have arrived at a different conclusion, or is it the case that these McKinsey facts lead inevitably to one conclusion?

Lord Turner of Ecchinswell: I think Christine is right to stress one thing. I think our terms of reference to begin with were ambiguous and I think it would have been possible that a different commission might have felt more constrained by the initial terms of reference and might, therefore, not have done a wide enough look at all of the decisions. I think, if I had to change one thing, I would re-change the initial terms of reference to say, "Look at the totality of the pension system and tell us what you think ought to change." I think it would have been an easier way. We would have avoided some debates along the way if it had been clear that that was the sensible terms of reference to start with.

Q379 Chairman: Leaving that on one side, would other commissioners have reduced it?

Lord Turner of Ecchinswell: If you approach the facts of what is happening to life expectancy, what is happening to the spread of means-testing, what is happening to the cost, I think it is highly likely that any independent commission with a reasonable spread of backgrounds and an intellectual process of analysis would have ended up with some variant of, "The state system has to be simpler, more generous, less means-tested at a later age." I think you might well have had a different commission which might have gone more in the direction that Christine would have wanted and Christine's organisation would have wanted, which was to unify the basic state pension and the state second pension into one pension immediately. So, there are details, which are set out in chapter five or chapter six, of some of the trade-offs about how specifically you go towards the end point, and I think you could have imagined a different commission which might have taken a slightly different point of view on whether its job was to decide to define the ideal world or to live within some implicit political constraints. It might have been different in detail, but I am pretty sure that anybody who had set about it with roughly the same process of action would have ended up with, "The state system has to be more generous, less means-tested, as fast as possible, simpler and at a later age." I think we would have definitely got there. On the private side, would one have necessarily ended up with automatic enrolment? I think that would probably be where one would have gravitated towards, simply because the more you look at it there are problems with both compulsion and full voluntarism, but that may have been the unpredictable bit of it, that on the private side you might have imagined other people stressing more: "Let us do strong encouragement through tax relief", et cetera, rather than going the automatic enrolment route, although I think what was intriguing about automatic enrolment was that once we came across it as an idea and began to share it as an idea, it very rapidly got a lot of support from an awful lot of parties.

Q380 Mr Prentice: Are we going to have a Turner Mark II in 20 years time because the assumptions that you have made have not turned out to be correct?
Lord Turner of Ecchinswell: What we said in the Pensions Commission is that we did recommend there should be some sort of successor body or periodic analysis, specifically to make sure whether the assumptions are correct and not, we believe, to then overturn policy entirely but to keep a continual set of adjustments on the route. Let me point out two aspects where that may occur where we just do not know whether our assumptions are going to be right or not, but where the key thing is to adjust in the light of emerging experience. One of these is life expectancy. We talked about the state pension age going to something like 68 by 2050 as being what was required on the existing forecast of life expectancy, but we know we have got the life expectancy forecast way wrong in the last 25 years. Twenty-five years ago we were saying it would now be 15 years for a man aged 65, now it is 19. We could well be that wrong in future, but, even if we are wrong, what we should be adjusting is the detail not the principle. The principle on the state pension age is that the state pension age should adjust so as to keep roughly stable the proportions of life spent paying into and receiving a state pension. If by 2025 we realise that, through genetic breakthroughs or other aspects of science, we are looking to life expectancy for a man aged 65 in 2040 being not 23 years but 28 years, then we will have to take the state pension age higher at that time. Our idea was that what one should be doing is always telling each generation about 15 years in advance what their state pension age is, but it is the principle that is important.

Q381 Mr Prentice: I understand that. What I am trying to get it is to what extent is it possible to predict the future? In your work plan, the one that you published in June 2003, the seven blocks that we have heard so much about, it is not just increasing life-span but you have got to make assumptions about demographics, you have got to make assumptions about migration. The nature of the demography of the United Kingdom has been transformed in the last quarter century, and what kind of projections can you reasonably make on that? While I am at it, you talk about labour force participation, we have got a growing Muslim population in this country. I think about 30% of Muslim women are in the labour force, compared to 70% of white women. What kind of projections did you make specifically on this about the participation of Muslim women in the labour force in a quarter of a century's time?
Lord Turner of Ecchinswell: We did not make a specific forecast.

Q382 Mr Prentice: It is in your work plan?
Lord Turner of Ecchinswell: We did not make a specific forecast at the level of different participation rates. We did cast an eye over the issue of whether there were major differences in pension provision by ethnic groups, et cetera, but it was not something which formed a key part of the forecast. Let me return to the demographics. There are three aspects to the demographics: what happens to longevity (life expectancy), what happens to the birth rate, what happens to immigration? On longevity what I have said basically is you set out a principle and if the facts change, the details change, which is why we do not think it is necessary to declare in advance what the state pension age will be in 2050, you have a principle. The other two factors that could change are the birth rate and the immigration rate. If the birth rate and the immigration rate were significantly higher than we suggested, and on that we did no scenarios, we simply took the GAD (the Government Actuaries Department) principal forecast for birth rate and immigration rate, then it will be the case that the affordability of the pension plans will be greater than presently it seems, that the increase in state expenditure on pensions will be less than the 6.2% to 7.7% we forecast because GDP will be bigger. On the other hand, there will be other social problems for society. There will be bigger school rolls, there will be bigger expenditure on education, there will be more complicated debates about transport congestion and housing and all sorts of other tensions. And so I suspect that within any reasonable bound of what happens to immigration rates or to fertility rates, the basic structure of the pension system will make sense. I think it is extremely unlikely that those will increase so much that we say, "Oh, if we had realised we were going to have so many workers, we would have afforded"—

Q383 Mr Prentice: I understand.
Lord Turner of Ecchinswell: I think it is unlikely, and we did in the second report show that you really had to have radical changes in immigration levels to change those public expenditure forecasts significantly.

Q384 Mr Prentice: You are telling us that your report of the principles will stand the test of time, but they may need tweaking because you get different data streams coming in and so forth?
Lord Turner of Ecchinswell: Yes.

Q385 Mr Prentice: You have talked about fact-based analysis, you have talked about dodgy statistics and you have talked about the Government Actuary. We have just had the Government (and we will be coming on to this in a few minutes) kicking the Ombudsman's recommendations into touch because they could cost too much, like 15 billion. After what you have told us about dodgy statistics, what weight, what credence should we give to the Government's statistics in this area?
Lord Turner of Ecchinswell: The issue of the Ombudsman's report is not one which was in the remit.

Q386 Mr Prentice: You must have a view on it.
Lord Turner of Ecchinswell: Well, if I do it is an entirely private point of view, which it is not appropriate for me to put forward. All I can say is that we believe that the facts and figures in the

Pensions Commission are as close to being certain as you can get and that the scenarios on which we have forecast the future, we have set out where are the key uncertainties that would change policy, and we believe the principles would be robust in relation to any reasonable variation in the facts which will emerge.

Q387 Mr Prentice: I want to bring Christine Farnish in on this one?
Ms Farnish: I wonder if I could make a comment on your previous question before we come on to the Ombudsman's report.

Q388 Mr Prentice: I have forgotten what my previous question was?
Ms Farnish: It was about might we need another review in 20 years' time. I think it is most important that we do not sit back and wait for 20 years to monitor progress with this reform package: because the package is a complex one, it is still going to keep a lot of complexity in the system and it is one where the reform process is going to be rolling out gradually over a number of decades before we get to Nirvana, and there is quite a big political risk, if I could put it like that, in ensuring that the reforms proceed in the way most people would now like them to and do not get side-tracked by short-term events or other priorities that successive governments might face. We think that it would be very helpful to have some sort of mechanism, perhaps a regular review process that has some continuity built in, that monitors the progress of the reform package, makes sure that fairness and affordability and the other high level principles are sustained, with a review body that future governments would need to consult before they proposed any further tweaking of the regime in an open and transparent way so the advice back from this body, which would be—

Q389 Mr Prentice: An upstanding commission of wise people?
Ms Farnish: Yes. Not a big new bureaucracy but something that can be called upon and regularly, maybe every five years or so, looks at the way in which the system is going. I think Adair is right that on the state side it looks as if the overall shape should not need to change too much, touch wood, but the funded side, with the new automatic enrolment defined contribution savings system, is untried and untested. We do not know how the market is going to respond to that, we do not know the numbers of people who might stay in the system and save for their retirement and we do not know what impact it will have on existing provision. That really does need to be quite carefully monitored.
Lord Turner of Ecchinswell: I agree.

Q390 Mr Prentice: That brings me on to this point about people's behaviour when it comes to pensions. I find it all very complicated, and I am sure for most people out there they find it quite daunting trying to make informed decisions about future pensions. You have been involved in this. We have got this controversy raging with the Ombudsman's recommendations in the report. Where do you stand on this? Do you think the Government had an obligation to make it quite explicit that its view on how people should save for their retirement and make the information clear, understandable in the expectation that people will follow it?
Ms Farnish: With any pension system there are risks. There are even risks with the state pension. I noticed when I got my statement from the Pensions Service a few months ago—I asked for one, I thought it was the sort of thing I ought to do—there was this nice little disclaimer at the bottom saying, "Please note, this is what it looks like at the moment, but this could change subject to changes in the law." So there is a risk with what I am going to get from the state. There is also a risk with what I might get with either a company pension scheme or a personal pension. There is always a risk; nothing is absolutely cast-iron. That point is not very often made and it should be. However, there is obviously a need to encourage and get more people to save for their pensions, and so this is quite a difficult area to get right. I think, overall, millions of people have benefited from being automatically enrolled, as they used to be in the old days, into company pension schemes and other good ways of saving for retirement without them experiencing a down side. Unfortunately, that is not universally the case. Your pension, if it is a defined benefit sort of pension, is only as good as the body which is sponsoring it which, for many people, is their employer, the company sponsor (the other bit of the DB pension system is the state).

Q391 Mr Prentice: What I am trying to say is have people been let down by the system but they have not had the information put to them in a way that they can readily comprehend? Have they been let down?
Ms Farnish: I think the system has let down those people who now find themselves in the very difficult and distressing circumstances that the Ombudsman's report covered. Yes, the system has let them down. I think it is very difficult to lay the blame at any one party's door, because no-one was then talking about the risks in the system. However, the Government did pass legislation in the 1990s and then regulated increasingly the private pension system but gave the impression, generally, that pensions were safe, pensions were secure, pensions were protected, that pensions were funded to a minimum standard. That was the general sense out there which ordinary people would have taken and it would not have been reasonable to expect them to take any other sense, I think. Even if pension schemes at the time had disclosed pages and pages of small print about the risk, there is the real question as to whether anyone would read and take notice of that, because we know that sort of disclosure does not work particularly well elsewhere in the retail finances services market.
Mr Prentice: That is very clear. Thank you.

Q392 Chairman: Are you saying there that the Ombudsman was right?

Ms Farnish: My personal view is that it is most unusual for a group of people to have suffered this sort of loss in these sorts of circumstances and not to have any recourse to redress. I think general feelings of fairness would suggest that something needs to be done. It is difficult for me to see who might be able to put that wrong right other than the Government. I think there is an issue as to the level of redress that might be appropriate. I note that other compensation systems elsewhere in the financial services landscape, if you like, which cover contingencies of insurance companies going bust, banks going bust, investment funds going bust, advisers going bust, never compensate to 100%; it is always a proportion of the loss that is compensated. It is a fine judgment and it is regulated, but it is generally a reasonably fair proportion. I think the difficulty in this case is, again, one of the bits of legislation that the Government introduced back in the late 1990s. Under the Pensions Act there were regulations on the priority order for who got what when a company went bust, and the pension scheme was left under-funded. One of the reasons we have seen some of these dreadful injustices was because that priority order was not a fair priority order; we can see that now with hindsight. It did not allow a fair sharing of the assets that were left in the scheme, for whatever reason. I guess in those days nobody thought schemes would become as under-funded as they did once the circumstances changed and we were in a different economic climate.

Q393 Chairman: Lord Turner, you told us at the beginning that you had a reputation for telling it like it was and yet you have developed a bout of coyness in relation to the Ombudsman's report.
Lord Turner of Ecchinswell: Let us be clear on our approach to that. We were asked to look at the design of the pension system going forward. The role, to be blunt, of voluntarily provided defined benefit schemes in the private sector going forward is going to be very small. Certainly the final salary scheme is going to be primarily a public sector arena. Our job is to define the system for the future. There are then a whole set of issues about what is received from the past, on which, although very interesting and we might be interested in as private citizens, we did not, as a Commission, comment. We did not comment on the issue of women who had perhaps been wrongly advised, or not, to take the option of the lower national insurance payment and the lower basic State Pension that they now receive, because that is, as it were, a legacy problem inherited from the past. We have not been involved in the debates about the set up of the Pension Protection Fund. We have not been involved in the issues of compensation from the past. Our attitude has been to look to the future system, the system which will exist over the few decades. It is not to deal with all the problems that exist from the past, whether they be problems for government, for individuals or for corporates. In the course of this, I would meet with many business people—because I am a businessman as well as in public policy—and they would say, "Tell us what you are doing on pensions policy" and then they would say, "What is your advice about the management of our pension liability deficits and the FRS17 accounting treatment?" I would say, "Actually, we really do not have a point of view on that. That is a separate problem." Although I said our terms of reference would have been best wider to start with, I do not think they need to cover all of the problems.

Q394 Chairman: I was not asking you to pronounce as the Chairman of the Pensions Commission; I was asking you to pronounce as someone who is neither the Government nor the Ombudsman but who has given a lot of thought to pensions issues.
Lord Turner of Ecchinswell: Maybe I will do that in a year's time, but I think at the moment anything I say in this forum is not seen as a private statement, it is seen as the statement of the Chairman of the Pension Commission and it will get coverage which relates to that, so I would rather not.

Q395 Chairman: What about the argument that says if people cannot trust the role of government in all this, as the guarantor of this system that is being established, then the whole thing is not worth bothering with, and the question of trust is at the heart of this question about responsibility, as Christine was saying, in relation to what the Ombudsman has said.
Lord Turner of Ecchinswell: I will make a generic statement: It is clearly important, looking forward, that the Government creates an environment in which it is making clear what is promised in the pension system and what is not promised. That will be very important, for instance, within the National Pension Savings Scheme. Except where people invest in real Government bonds, the return will not be guaranteed, and we should studiously avoid in the National Pension Savings Scheme and the language which surrounds it the use of words like "guaranteed" except where there is a guarantee. The only form of funded investment where the Government gives a guarantee is where the investment is in real indexed Government bonds held to maturity. That is the only circumstances in which you can buy an investment off the Government and be told definitively in advance: "This is going to give you x% real over the next 30 years." Given the history of the past, looking at both the Government and at the retail financial services industry, we do have a legacy which clearly shows up in public surveys of a distrust of both government and of the retail financial services industry and it is going to be very important, going forward, that we are absolutely clear and that we only promise those things which can be delivered.

Q396 Chairman: When Government literature talked about safety, protection, guarantees, they were wrong to do so.
Lord Turner of Ecchinswell: I think I am going to avoid that question and just stick to the general point I have made.

Q397 Mr Prentice: I was intrigued, interested in what you were saying about the DWP civil servants defending the line, locked into a position, and they do not want to stray from there. Most Labour MPs were locked into the line as well, that there was not going to be a link between pensions and earnings because we wanted everything to be targeted, targeted on the poorest pensioners. Now we have done a belly flop, have we not, and we have only done it because of the Turner Commission?
Lord Turner of Ecchinswell: I think that is probably not true entirely.

Q398 Mr Prentice: I think it is.
Lord Turner of Ecchinswell: Within the Labour Party, and indeed within the other parties, there was always a debate about means testing. I think there was an acceptance of the logic—and it was a logic that we supported—that in 1997, faced with the existence of pensioner poverty, faced with the fact that the Government was clearly committed to tight public expenditure limits for the first two years and ongoing, that the only way to deal with the inherited problems of the past, in terms of people who just did not have enough pension income, was on a means-tested top-up basis. Therefore, the debate about means testing has never been means testing good or bad; it has been how much means testing and whether you can have too much of something which can be a sensible thing up to a certain level. I think that debate has always been there. Certainly if you talk to Frank Field, Frank has not been constrained by his membership—

Q399 Mr Prentice: Yes, but I am talking about the briefings we get as Labour MPs from the Treasury.
Lord Turner of Ecchinswell: Since I am not a party to those on either side—
Mr Prentice: You know what is happening. Anyway . . . .

Q400 Julie Morgan: I am interested in operating in the political reality, the blank sheet that you say you started with. I think this has been a successful outcome and I think the proposals for women are particularly welcome. Women MPs, in particular, have been lobbying government ministers for years to do something about women's pensions and the position in which women find themselves in retirement. I wondered if you ever had any steer at all from government ministers: "Oh, you must do something about women."
Lord Turner of Ecchinswell: I think there was a process of agreeing early on that the issues of the pension system as it related to women had to be there on the agenda. That was not clearly in the terms of reference but it was in our work plan and there were processes of discussion which led to the fact that had to be. Again, in the early days of exploring and understanding what all the issues were, it was clear that there were very major issues that related to women, and that was obvious from all the lobby groups that made that argument to us. Of course, Jeannie Drake herself had been, through other institutional roles, deeply involved in those debates and therefore was in a very good position to make sure we were well aware of those issues. I think there has been a slowly gathering process over the last two to three years of general political support for the fact that, whatever we came up with, people were expecting something relating to women and there was a willingness to accept that there would have to be a shift in policy to deal with that. If you look at the statements that Alan Johnson made when he was Secretary of State and, in particular, that David Blunkett made when he took over as Secretary of State, when he said, "Whatever else we do, we have to find a way that deals with the situation of women pensioners" I think it was one of those where it was always on the table. It was going to be analytically on the table, we always knew we were going to come up with stuff, but it was one of the areas where, by the time we came up with our proposals, we were pushing on an open door and it was clear the door was open. Within the final six months, if you look at where the contentious issues and the non-contentious issues were, the contentious issues remained the indexation of the BSP to earnings, and when; it remained the state pension age; and it remained things like the compulsory employer contribution. The package relating to women had become largely non-contentious by the time we reported.

Q401 Julie Morgan: How did you, in the process, consult women and draw women into the debate?—particularly, say, Muslim women, as Gordon raised.
Lord Turner of Ecchinswell: I think it would be true to say we did not explicitly deal with the issues of Muslim women. Let me draw a distinction here. There are some issues that you can deal with within pension policy design and there are other issues which may affect women or particular groups of women which may manifest themselves in pension provision but you will never solve them by pension policy design. By that I mean that you can redesign the state pension system to make sure that more women are likely to end up with a full basic state pension—and that has been done. We talked at length with the Equal Opportunities Committee, the Fawcett Society and other groups submitted evidence to us. They argued the case to us. That was always part of the debate. If you look at the position of Muslim women however, the fact is, that whatever you do with the pension system, the fact that so few Muslim women are in the workforce will be a problem, because it will make it highly likely, even if they get a full basic State Pension on the improved systems for care and responsibilities, et cetera, that they will have very little provision on top of that. But that is not a social problem that is addressable by pension policy: it is to do with the level of integration into society; it is to do with language skills; it is to do with social attitudes to work et cetera. So it is something that you note on the way through as an interesting issue but not something which, as the Pensions Commission, you can dive off into because the proposals you would have to have to deal with it would be about other areas of policy entirely from pension policy.

Q402 Julie Morgan: Were you satisfied with what the Government produced in the White Paper?
Lord Turner of Ecchinswell: Do you mean particularly on the issue of women?

Q403 Julie Morgan: Yes.
Lord Turner of Ecchinswell: Yes, I think it was a reasonable way forward. We ourselves debated it. If you read one of the sections of chapter five, we debated the alternative merits of two ways forward, one of which was to improve the contributory system but still leave it contributory and the other was to go for a fully universal system. The trade-off there is that, if you go for a fully universal residency system, first of all you have the difficulty of what is the test of residency—and that is not a trivial bureaucratic problem—and, secondly, you are undoubtedly giving at least a small amount of money to some people who do not need it (as it were, the self-chosen non members of the workforce who are married to perfectly rich spouses, et cetera)—and why would you do that, given the limits on public money?—but you have the great advantage of simplicity and cutting through all the problems. If you stick with the contributory system, there are some people you would like to get to a full basic State Pension but whom you will miss. But it is a system that exists, it is a system that has a lot of support among ordinary people: something for something. We talked about the trade-off. We said, on balance, that we would come down on the universal side, but the fact that the Government went with an improved contributory system was something which will produce very similar effects. Indeed, in the early days, there will be a slightly faster progress to women retiring with full basic State Pensions than under our proposals. So we were not unhappy with a way which was not exactly what we proposed but has a similar impact.

Q404 Chairman: We have had some very interesting evidence from you. Could I quickly ask two things, as we end. You said that, if you had been chairman of the Swedish Pension Commission, you would have produced a different report because Sweden is a different country. That prompts me to ask—a quick question, a quick answer, perhaps—what you think a fact is. It seems to me you are making judgments about what we think about the size of the state.
Lord Turner of Ecchinswell: That is true. There are facts like: What is the present level of savings? How many DB schemes have closed to new members? It is an important point to realise that a lot of those facts which we established in 2004 were not previously known. Indeed, people had previously worked on non facts: they had accepted things which were five years old which no longer applied. Those are facts but there are also judgments. You are absolutely right, the judgment that the UK is not suddenly going to be a country which spends 9% or 10% of GDP on a pension system, whereas Sweden is, is a judgment about a political economy context.

Q405 Chairman: The Committee went to Sweden recently. The different political context was striking there, but also the complete commitment to find a pension settlement that would endure across generations and across parties. You, doing this work in this country, find an entirely different context. First of all, we are not good at generational stuff. There is a famous quotation from Harold McMillan, talking about pensions policy: "In the long run we shall all be dead so do not let us bother too much as long as we do not spend too much in the next two or three years." We are interested in the short term and we do not do consensus politics. We sometimes say we are going to and then it breaks down at the first touch. When you come and do this kind of work in this political context, how different is that?
Lord Turner of Ecchinswell: I think it is different. At various stages, people have said to us: "As commissioners, you are involved in an impossible task because you are trying to get cross-party consensus for something which lasts. Politics is politics. There is not cross-party consensus because we are in a political environment and policies do not last because every Parliament is sovereign and every government is sovereign and it can throw it over." To which I have always said, "We have got to stop believing that things which are specific to the British political culture are facts of life." The US has a remarkably stable social security system, which has been stable for about 70 years and which has been reformed with cross-party consensus on a number of occasions with the conditions of that reform declared 30 years in advance. Sweden, within the last 10 years, has made major reforms to its pay-as-you-go pension system—very major changes, on a cross-party basis, to make it sustainable for the future, with a whole load of automatic adjustment mechanisms, pre-set in advance, so that they know in advance how they are going to respond to changing information about the birth rate or longevity. There is something about the British adversarial parliamentary system which makes that more difficult. There is something about British policy which, empirically, over the last 25 years has not achieved that continuity at all. But, however difficult, we have to try to, because, unless we get a little bit more Swedish or American in our pension policy, we will muck it up again.
Chairman: That is exactly the note on which I think we should end. Thank you very much indeed. We have had a very interesting session. Thank you for speaking to us so directly and helpfully.

Tuesday 17 October 2006

Members present:

Dr Tony Wright, in the Chair

Mr David Burrowes	Mr Gordon Prentice
Paul Flynn	Paul Rowen
Kelvin Hopkins	Grant Shapps
Julie Morgan	Jenny Willott

Witnesses: **Ms Jill Rutter,** Director of Strategy and Sustainable Development, Department for Environment, Food and Rural Affairs, **Sir Jonathon Porritt CBE,** Co-Founder and Programme Director of Forum for the Future, Chairman of the Sustainable Development Commission and **Professor Susan Owens OBE AcSS FRSA,** Royal Commission on Environmental Pollution, gave evidence.

Q406 Chairman: Let me call the Committee to order and welcome our witnesses today. Thank you very much indeed for coming. We have Jonathon Porritt from the Sustainable Development Commission, Jill Rutter from Defra and Professor Susan Owens from the Royal Commission on Environmental Pollution. Thank you very much for coming to help us with our inquiry on Governing the Future. We are not, if I may just explain, concerned primarily with the content of what you do, but more the process that you are engaged in. What we are interested in is looking at how government can get to terms with long-term strategic thinking, how they can organise themselves to do that and because you are all involved in that in a variety of ways, we want to hear from you. Do any of you want to say anything by way of a brief introduction?
Jonathon Porritt: We are happy to get into it.

Q407 Chairman: In that case let me then develop that opening remark into a question. People used to refer to NIMBYs and I see now people are starting to refer to NIMTOs, which is Not In My Term of Office. What we are grappling with is how on earth governments who live by electoral cycles, who are inherently short term in the way that they operate, get to grips seriously with some of the issues which we know are inherently long term and probably cause a good deal of grief in the short term if you get hold of them. Is that an inexorable problem for government or is there a way of handling it? Do you think we are handling it in a reasonable way? Who wants to have a go at that?
Ms Rutter: I am not quite sure that we are really the right people. You might want to call some of your political colleagues. There are obvious, very short-term pressures on ministers and we see that all the time; we experience that in a number of places. I think it is quite interesting compared with when I studied politics at university. Then you assumed that the life term of a government was something like four or five years, you expected governments to change office; certainly those of us who grew up in the 1960s and 1970s expected that. Now governments may feel that they are around for a longer term. The last Conservative Government was around for 17 years, this Government is about to chalk up 10 years so there is now more a sense that governments will probably be around to deal with at least some of the medium-term consequences of early decisions if not the long-term consequences. We are getting better at this. There are some very obvious things to point out. The early decision by the Chancellor to make the Bank of England independent is quite a good example of making an institutional solution to remove one of biases towards the short term. When I was in the Treasury Private Office interest rates were actually the subject of the most vivid short-term politics imaginable, so that was quite an interesting thing to do. By creation of things like the Sustainable Development Commission we are trying to change the incentives set within government. Think of it as a pay-off matrix. There are very obvious and very positive pay-offs to short-term action, discarding the long term. What we are trying to do is rectify that balance by putting some checks into the system that actually increase your incentives to address long-term issues. The Sustainable Development Commission has three functions. It has an advice-to-government function, an advocacy function, but also, in the last UK sustainable development strategy which the Prime Minister launched last year, it is given a new watchdog function. It is designed deliberately to go out and challenge government to be thinking longer term, to be applying the principles we set out in the sustainable development strategy. There is an issue back into Parliament about changing that pay-off matrix as well, which is that the scrutiny function of Parliament is very important here and the more that ministers and departments feel they will be held to account for having made decisions in a way that looks to the long term, the more that will increase the incentives set and remove some of the bias towards the shorter term. That is my initial take.

Q408 Chairman: Thank you for kicking us off.
Jonathon Porritt: It is very difficult and I must say my heart sinks when I hear politicians describe something as a long-term problem. I am very nervous about any government minister who says "climate change", for instance, "is the greatest long-term problem that we face", because I know that sneaking in "long-term" at that point is in fact a declaration of NIMTO, and it is a problem at that point because you know action will get deferred. Government has a number of ways in which they can overcome that. It can set long-term targets and then

seek to build incremental change processes towards the destination that that target gives you. It can, rarely but quite importantly, build cross-party consensus so that it is not as vulnerable to potential change of Government as it would be otherwise. It can, as Jill said, go in for some institutional reform to bring new elements, new energy to bear on the short-term problems and give them a longer lease, a longer attention span than might otherwise be the case in the short-term cut and thrust of parliamentary democracy. It does have a number of mechanisms for doing this. It has to be said, at the moment in our neck of the woods, sustainable development, which obviously has this uniquely complex inter-generational issue requiring people to think about the future generation explicitly as well as to deal with the issues of the current generation, they all remain as difficult to handle with that cross-temporal dimension as it has ever been.

Q409 Chairman: Does the proposal for a climate change bill, for example, bridge that gap that you are describing, in so far as it seeks to convert what people say about the long-term into some serious annual commitments?

Jonathon Porritt: I am not sure whether the proposal for a bill as such will do that, but the requirement that government should provide a transparent journey towards the destination defined by the target is critical, and in a way the Government has done that up to 2010, then they have taken this huge leap through to 2050 which has left this great yawning expanse of something between 2010 and 2050, largely uncharacterised by a sense of where policy is going to take us. This is not just bad for the Government, it is very bad for the business community, and intriguingly what we see more and more of is progressive companies coming to government in a quite uncharacteristic role and saying "We understand that we have to do a lot more in terms of much bigger investments in carbon-friendly technologies and processes, but you cannot, you absolutely cannot expect us to do that unless we know what the investment climate is going to be like in 2015, 2020, because otherwise you are asking us to put shareholders' assets at risk without providing us with that transparency through the appropriate timeframe".

Professor Owens: One of the most fascinating things to observe is the way in which government and policy norms do change over time and they change quite dramatically. If one thinks back to the 1970s when the environment was emerging as a major political issue, the sorts of legislation and institutions that we had then were very, very different from the ones that we have now. Somehow over those decades governments have changed and they have adapted to longer-term priorities. It is a process that one political scientist calls the process of enlightenment and in a way governments, because they are so much subject to all the short-term pressures that we know about, need somehow to put themselves under longer-term pressures to take longer-term things into account. For example, setting up bodies that will give independent advice to governments is one such measure, even if that advice is very unwelcome at particular points in time. It has to be said that governments need to be open to all the sorts of challenges that they are subject to in pluralist democracies and not to close off some of the channels for those sorts of challenges from pressure groups, planning systems and so on.

Ms Rutter: May I just add that another source of long-term targets is certainly very significant for environmental policy which is through our EU obligations. We have 2010 targets on landfill, we have targets under the Water Framework Directive going out to 2015 and beyond, so that is a source of targets which impose constraints on the Government and the EU has infractions procedures it can invoke if the Government do not meet those targets which is a bit different from the targets that the Government could impose on itself through a climate change bill of the sort Friends of the Earth are proposing.

Q410 Chairman: What about this inherent problem that people have put to us that we always get the long-term wrong? We might ambitiously set out to do long-term thinking but in fact we always get the projections wrong and people have given us examples of this. There is someone here citing the 1949 Royal Commission on Population which asserts that the total population of Great Britain will reach a maximum around about 1977 and will thereafter begin a slow decline. If you had planned public policy on that basis, you would have got into all kinds of trouble. So is there not something inherently difficult about doing this big strategic thinking?

Jonathon Porritt: Yes; clearly. However, the kind of practice that one would most recommend in that context is to go in the first instance for a series of what are sometimes described as no-regrets interventions. So almost whatever the case as these social trends, economic trends, environmental trends move through the system, whatever the case, a no-regrets policy approach means that you are not going to end up with egg on your face at whatever point you get to. I feel that the no-regrets approach to this, which is often talked about by politicians but rarely introduced in the way that it might be, as actively as it might be, would be a great aid to governments as they, quite rightly, experience some of the uncertainties associated with what is going to be happening in 2030, 2040, 2050. There are certain instances, however, where the scientific evidence is really so strong that to use residual uncertainty as an excuse for persistent procrastination is just dishonest politics. The science of climate change has now reached the point where the global procrastination of leaders is inexcusable in that respect, morally as well as politically inexcusable—and, if Nick Stern is right, possibly even economically inexcusable. But we shall wait to see what is in that particular report.

Q411 Chairman: One further question about machinery. I do not think the Committee realised until it looked abroad that we were world leaders in

all this. We went to Finland because we thought Finland was the great leader in all this and Finland told us that we were the great leader in all this. We have discovered all these bits of machinery which sit doing this sort of work, much of it wholly unknown to the general public let alone to people like us, which is interesting, is it not? Yet the question that arises is: does all this make sense? Is there coherence in it? Do we set up new bodies because it looks good to set up new bodies as opposed to developing existing machinery? There seems to be a huge number of people operating in this area. We have a Royal Commission on Environmental Pollution (RCEP). I do not know how many people in this country know that there is a Royal Commission on Environmental Pollution, but I should think virtually nobody, which is interesting as you have been going for 30-odd years. Then we have a Sustainable Development Commission (SDC) more recently set up. I do not know quite where you end and the Sustainable Development Commission starts, but I see now we have a proposal to set up an Office for Climate Change and I cannot work out what they are going to do that is different from what you are doing. So we are world leaders, but are we not in a bit of muddle?

Ms Rutter: The slightly Topsy-like picture is partly a result of heritage. The RCEP produces some very distinguished reports and while people out there may not know of the Royal Commission on Environmental Pollution, when the RCEP produces a serious long-term, very evidence-based report that does get picked up and that does help inform debate. RCEP are just doing a study now, which we are looking forward to, on the urban environment; certainly within Defra that has caused us to think differently about the way in which we look at environmental issues. The RCEP report on long-term targets was actually the origin of the 60% target that made its way into the Energy White Paper. The SDC grew out of the sustainable development round table that was set up in the first UK sustainable development strategy and is there in a different role. In a sense its external profile is less significant than its profile in government because the SDC's first function is to act as the Government's critical friend and to act as an adviser and a capacity builder to government. In a sense you could say that should be done within Defra, but we slightly feel that other government departments would prefer to look to a slightly external body and indeed contract with the SDC to do specific work for them rather than to invite in my team in Defra to go to help them when they know actually it may come up to a cabinet committee debate in which Defra ministers may be taking a different view. That is what the SDC does and where it fits. The Office for Climate Change is addressing another and separate issue which is when he became Secretary of State for the Environment—and this probably goes into his experience at ODPM as then was—David Miliband felt that ministers needed a capacity for analysis that worked to them, not worked to Jonathon but worked very much to them, so that they could find a space to look at climate change issues which do not fall usefully into departmental silos. That is what the OCC, which is not going to be very big, is going to do. We already announced, when it was launched on the 21 September, that its first piece of work is to do a strategic audit across the piece and where the PMSU does strategic audits to look at where we are doing okay, where we do need to start catching up, that will then generate a series of projects, like PMSU projects in some ways, sponsored by ministers to whom the OCC report. It is very much a ministerial think-tank capacity around climate change issues.

Professor Owens: In a way these different bodies occupy different niches in the advisory system. The Royal Commission was quite a good example of long-term thinking by Harold Wilson who set it up in 1970 specifically with a remit to take a very in-depth and long-term view of environmental issues. It was quite visionary to set it up as a standing body because standing bodies do not just report once and go away, they nag and they come back and they say "You did not take notice of our recommendations" and so on. Whilst I think you are right that the Royal Commission on Environmental Pollution is probably not a household name in the UK, it is a very well-known body amongst the relevant policy communities in the environmental field and the reports may be known to people even though they would not necessarily be able to tell you exactly who produced them. One thing that emerges from a long-standing body with partly a watchdog role, partly a brief to go where ministers will not go at particular points in time, is that it comes out with sets of principles. You were asking earlier how we plan for the long term when things constantly change and we do not predict certain social changes or economic changes, but it seems to me that to be able to articulate certain sets of principles which govern, for example, environmental policies, is very important. Over the years the Royal Commission has either promoted or articulated for the first time some very important principles such as the duty of care in waste management, integrated pollution control and it promoted the precautionary principle which has really changed the way we think about the environment in the long term. Yes, you are right, it is not a household name but over time it nevertheless influences ideas in a way that changes the frame for environmental policy, and that is a very important long-term function as opposed to the more immediate watchdog function over whether government are implementing their current policies according to sustainable development principles.

Jonathon Porritt: We are at one on this. I actually do not think this is an area where government is muddled. The respective remits that the Royal Commission has had, and the Sustainable Development Commission has had and now the Office for Climate Change, are very clear in fact. Not least because we are not an environmental commission, we are a sustainable development commission. That means that we spend at least as much time concerning ourselves with the business of DCLG, DfES, the Department of Health, with the Treasury, Department for Transport, DTI as we do with Defra. Just to be absolutely clear about

it, our sponsoring department is in fact the Cabinet Office; it just happens that Defra pays for most of the Sustainable Development Commission. Theoretically, it is positioned in the right place and we work therefore across government because sustainable development is not the same thing as the environment.

Q412 Paul Flynn: I am eager to improve my incentive set. I have only just discovered that I have one, but I am sure it is defective. As the Chairman pointed out, it came as something of a surprise to us to realise that in the business of future forecasting we are really something of an exemplar in Europe when very few of us are actually aware of this. Ms Rutter, you mentioned the need for parliamentary scrutiny. What parliamentary scrutiny do you have now?
Ms Rutter: The sustainable development strategy is picked up by the Environmental Audit Committee who call Defra quite often to account for what is going on in this. We are quite keen that the Environmental Audit Committee should actually see its role as calling departments to account. It does not make much sense to call me in to ask, for example, why a school building programme is not necessarily being built to the best whole-life costing principles. It makes much more sense to ask DfES, as an example. So we have the Environmental Audit Committee. When he came to the launch of the Sustainable Procurement Taskforce, another independent time-limited committee that we set up but which is now wound up, Stephen Timms made it clear that the Treasury would be reminding the Committee of Public Accounts, which is extremely important if we are talking about the incentive sets, not so much of ministers but certainly of permanent secretaries, that they should be scrutinising for long-term value for money not just for short-term cash. So Treasury are completely on board with that; that is after all what the Green Book sets of rules say. It would be interesting to have some parliamentary debates about sustainable development issues. It was very noticeable when we published the sustainable development strategy that, although it was launched by the Prime Minister, it did not get picked up in Parliament at all, although we announced it to Parliament and it is obviously published as a Command Paper. It would be quite interesting if individual parliamentary committees also picked up some of the principles that all departments are committed to through the SD strategy and actually benchmarked the policies that ministers come to speak about against those principles.

Q413 Paul Flynn: So you have the Environmental Audit Committee, a greatly respected committee that does very serious work, but it does not apply to any of the other select committees, or is it an aspiration that we should have a debate on this, because we do not, do we? It is confined to the Environmental Audit Committee and there is nothing happening by way of scrutiny review by any other select committee or in parliamentary debates. These are extremely rare.
Ms Rutter: Not in a systematic way. Obviously, we have just experienced two debates on climate change or one debate on climate change yesterday and on Monday there was an Opposition day on green taxation.

Q414 Paul Flynn: Did they use your work? Was your work quoted on this?
Ms Rutter: I have not read the Hansards to see. Climate change would basically focus very much on climate change though obviously in the sustainable development strategy climate change is one of the four key themes.

Q415 Paul Flynn: Jonathon, is your work under parliamentary scrutiny?
Jonathon Porritt: The Sustainable Development Commission could be subject to parliamentary scrutiny; indeed the Environmental Audit Committee does summon us regularly to talk about the work that we are doing. As to whether we are subject to scrutiny of whether we are doing a good job, no-one outside of Defra itself has sought to ask that question of us as of now. I am happy to say we have a new performance management framework for the Sustainable Development Commission, so I look forward to being held to account in that way in the near future. Because the Commission has only just taken on its new watchdog role, to a certain extent I am not sure that it was deemed to be a sufficiently important part of the machinery, as scrutineers of the machinery might see it, to think about a formal appraisal process of that kind.
Professor Owens: The reports of the Royal Commission on Environmental Pollution are laid before Parliament as Command Papers and normally they have been debated. Certainly historically there have been some extremely lively debates about Royal Commission reports. Governments respond to them formally, as a document usually, and those tend to get debated as well, so it has sometimes given rise to a great deal of parliamentary interest. The work of the Commission itself is subject to quinquennial review as a public body and in fact we are about to be reviewed again.

Q416 Paul Flynn: What you are all up against as bodies that produce reports which are based on evidence, based on objectives that are scientific are other organs of persuasion, those that are based on greed and self-interest and all those bodies that can employ lobbyists and others to get the ear of politicians. Are you not hopelessly out-gunned in the battle for the attention of politicians?
Professor Owens: As a Royal Commission we of course take evidence as well, so we hear from many groups in the course of all of our studies. We tend to hear from all of the interest groups involved, so that is quite an interesting process. We take evidence from many different perspectives and then we try to distil that into our studies. They are not purely scientific studies. The Royal Commission has many natural scientists as members but also people from a wide range of other disciplines. It brings a number of different perspectives to bear.

Jonathon Porritt: No, we are not out-gunned. I feel that a body like the Sustainable Development Commission has an opportunity to present its evidence and its work to government in a way that no external lobbying body can do. We are given an inside track in that respect. We are able to bring that advice to bear through direct meetings with ministers, with senior officials in every department. However good a lobbying organisation may be, they have to work quite hard to secure that. I have heard it is sometimes the case, but on the whole I should like to think that a formal advisory body like the SDC actually is given better and more impartial access of that kind by government. I do not have any complaints about the degree to which the Commission is able to use its remit.

Q417 Paul Flynn: Could I give you a specific example? There was a recent change of view by the Prime Minister on the future of nuclear power and I believe your view would be that it was too expensive and it had no part in our energy programme. That was changed. Do you think that was changed entirely by the weight of objective scientific opinion or were there other forces involved in that that were more powerful than perhaps the view that you take?
Jonathon Porritt: I feel loath to second guess why any individual in government might change his position on nuclear power!
Paul Flynn: You are amongst friends.
Jonathon Porritt: I would say upfront that the Sustainable Development Commission, which spent two years looking at nuclear power, produced a report that was generally extremely well received by government, even if it was not what government wanted to hear. That is certainly true because by that stage, you are right, the prevailing weight of opinion and judgment inside government had started to move towards nuclear power. But our report, which said that that was probably the wrong way to go, was not dismissed; indeed it is referenced a lot in the Energy Review and has been taken account of. Again, you may be surprised at this, I cannot honestly complain about that. In a parliamentary system, advisers to government do their best to offer the best advice they possibly can. If government sees fit then to ignore it in the way they move policy forward, well so be it in that regard. At that point the Commission has done its job as an advisory body, our evidence, our reports, will be used and taken up by other people—and we do see them being used as much by NGOs as by dissenting parties inside government. I notice members of the Parliamentary Labour Party, for example, are to be found mentioning the Sustainable Development Commission's report. Well, so be it. That is the way the system works. And we believe that a lot of what the Commission, the SDC, said in that report—I hope this does not sound too arrogant, I certainly do not mean it to—will be borne out in the difficulties that the Government would have should it choose proactively to seek to bring forward a renewed nuclear power programme.

Q418 Paul Flynn: May I ask Ms Rutter a similar question about a particular subject I believe you have studied about the future of farming and so on? If you were bold enough to suggest, for instance, that in a future outbreak of foot and mouth, which is one of the areas you have looked at, farmers should insure themselves against losses and actually pay compensation, which was something suggested by an ex-minister recently, if that came up from your body, what chance do you think that you could get that through against the might of the farming lobby? Do you think there would be a public debate on equal terms or any terms on which you had a hope of winning?
Ms Rutter: I am obviously slightly different from Jonathon and Susan because I sit within Defra. We have a sustainable food and farming strategy which was developed by a commission under Sir Don Curry involving representatives of the farming industry and environmentalists and Graham Wynne from the RSPB is still there as a big player on the Curry Group. Any strategy of that sort about moving to greater farmer responsibility would have to be developed in conjunction and in dialogue with the industry. That is the way in which something like that would be done as a way in which my colleagues would do it. The people who would be doing it would be people who lead on our farming policy in our sustainable food and farming DG.

Q419 Paul Flynn: One of the suggestions that has been made and one of the reasons for this inquiry is that there are other parliaments, principally in Finland and in Israel, that have committees on the future—committee of the future in one case—that look at all legislation and in one case all the policies in terms of someone living in 25 years' time, 50 years' time or 100 years' time and that would involve politicians and one hoped would extend their horizons beyond the date of the next election. Do you think this would be useful? Would it be useful to you in your work? Would be useful in announcing the reports that you produce?
Ms Rutter: We are very interested in whether you conclude that this is a very useful device. We have been talking and we did a bit of work last year thinking about how we should start thinking about the future. One of the suggestions that did come up, and the SDC might be doing something similar to that, was the creation of a council for the future. We are very aware that when you launch a policy you do listen to the people who have a stake in the status quo. It is quite interesting, if you think about the way in which we do regulatory impact assessments, that you are very much doing it as a static analysis of the effects on business as constructed now, whereas if you are saying we actually need to shift to much less energy-intensive sorts of business or sorts of ways of doing things, you are creating winners and losers but in the current state losers obviously are quite strongly there. So it would be very interesting to find out from you whether these Finnish models, and Norway has done something where it looked at what the world would look like in 2030 and tested the robustness of their current systems, whether these things really do change things. We think

the SDC does have potential to add value, both through its external role but also, much more importantly, through this inside track role of going in and talking through issues and doing work for departments and helping them think through a range of issues bringing some external challenge inside in quite a safe sort of way. I am quite interested to know whether it works or not but, as your Chairman said, the slightly scary thing is that we are deemed to be more forward thinking than many other places, which is quite a nice place to be, but it is also quite an uncomfortable place to be because you would like to know that there are a lot of better off-the-shelf models you could go and recruit in.

Professor Owens: There is of course the horizon scanning strategy within government departments which is quite an interesting way of trying to look forward to the future, but I wonder to what extent some of the challenges have to be independent of government and from outside it. You asked us a few moments ago for examples of where the recommendations of particular bodies had been successful or not successful and the one comment I would make there is that it matters enormously what timescale you look at in that context. If we look at whether recommendations have direct hits in the sense of being taken up immediately by Government, we very often find that that is not the case, but if we look over a longer period, maybe 10 or 15 or perhaps even 20 years, we see that some of the ideas and recommendations that bodies are bringing forward gradually percolate into the thinking of policy-makers and have an impact much later. The example of integrated pollution control that I mentioned earlier was a very, very classic one. It took seven years for the then Government to say no to the Royal Commission's ideas and it took another 15 for them actually to be implemented in practice, whereas when the Royal Commission recommended that lead be phased out of petrol, that chimed with the Government's dilemma at that time and it was accepted within an hour. The timing of acceptance varies but an independent challenge is very important.

Q420 Paul Flynn: I thought there was a recommendation in 1983 that lead be phased out of petrol.

Professor Owens: It was and that recommendation was accepted very, very quickly because the Government were in difficulties over that issue.

Q421 Paul Flynn: Indeed. Jonathon, do we need a committee? Do we need parliamentarians looking at this?

Jonathon Porritt: I do not know.

Q422 Paul Flynn: Okay. Could you just tell me briefly what is the most valuable recommendation you have made in your bodies?

Professor Owens: One or several?

Chairman: We only have time for one.

Professor Owens: The Royal Commission's recommendation in 2000 that we move towards a 60% reduction in CO_2 emissions, an important long-term one.

Jonathon Porritt: We presented a lot of evidence to government on the need for a sustainable food and farming strategy just after we were set up and helped define what sustainable farming means as is represented in the Government's sustainable farming strategy today. You will see our words at the front of that strategy and again, perhaps to your surprise, I actually think the government policy on farming and food has moved far more in that direction than the NFU might ever like you to believe and is actually much closer to where a body like ours sits than it is to where some perhaps more backward-looking voices in the farming community might want it to sit.

Q423 Chairman: I do not think Ms Rutter can have a favourite.

Ms Rutter: I do not think I can.

Q424 Jenny Willott: I just wanted to come to the implementation, the practical side of it. This would apply to all three of you really. How do you make sure that recommendations and the thinking that is going on in your organisations and your units actually make the difference to decision-making and policy development within Defra and other government departments? Does it make a difference and how?

Jonathon Porritt: Jill is in such a different position because Jill is the Civil Service in this respect, bringing advice to ministers through a conventional government decision-making process. Although we work very closely with the Sustainable Development Unit which is part of Jill's division in Defra, our route into government is completely different because clearly we are not part of Defra or part of government in that way; we are a Non-Departmental Public Body bringing advice into government from outside, albeit often on an inside track. We would seek out whatever mechanism we possibly could to get access to relevant parts of the system at the relevant times. To give you an example which is at the top of my mind at the moment, the Department for Communities and Local Government is about to produce a White Paper on Local Government. We have been working on an inside track basis with the DCLG, we have been able to share some of our key ideas and thoughts in that process. We have been able to advise Ruth Kelly directly, and we have been talking to officials for the last six months. That is totally different from Defra's interface with DCLG during this White Paper process which is all done by the usual official exchanges that you would expect.

Q425 Jenny Willott: Do you feel that the longer term that you are bringing out in the work that you have been doing in the Commission is having an influence and is making a difference in the decisions that are being made within departments?

Jonathon Porritt: By virtue of us being this body charged explicitly with a longer-term remit (we have not quite been given a remit that we have to work out the implications for the seventh generation, which is the Iroquois Confederation's approach to long-term

thinking, that if you cannot work out what the implication is for the seventh generation, then it is a bad decision) we have a clear licence to think long-term. But the truth of it is, and I am being absolutely blunt, that we do not bring blue-sky recommendations, long-term, blue-sky recommendations to government unless we can make the connection between what needs to be done in the short term, in the medium term and through to the long term. When we were looking at the role of government in managing carbon in the economy for example, we brought forward a recommendation about personal carbon allowances which is undoubtedly what might be described as a long-term suggestion, (and the Secretary of State in Defra is very interested in that), but we put in place before that a number of interim steps that needed to be made.

Q426 Jenny Willott: May I ask two different things really? The first is how the work that you do links into and informs decision-making and policy-making within Defra? Then I want to ask some questions about relationships outside Defra as well.
Ms Rutter: I have three divisions working for me, one of which is the Defra strategy unit, one of which is the sustainable development unit and one of which is a new team which we have set up particularly looking at issues around sustainable communities to try to coordinate Defra input around Barker, the housing growth agenda and things like that. Concentrating particularly on the strategy unit in which I think you are interested, where do we sit? Basically it is a very small unit, the smallest of my units, it is six or seven people—I just lost one yesterday—so it is a slightly hand-to-mouth existence. We do quite a lot of coordination. As you know from the letter to the Prime Minister that David wrote on the 10 July, David Miliband is doing what we are calling a strategy refresh process. We are taking the Defra five-year strategy and having a look again and asking whether, against the sharpened challenge around climate change, our policies are actually ambitious enough. We are looking at key areas. One of our key roles within Defra is not to get engaged in the day-to-day business of policy management, but to challenge people, particularly around prioritisation but also around the degree of ambition. That is what we are doing and the other thing we are doing which is quite important in a department like Defra and Defra has moved on enormously since its creation in 2001—remember it was created out of heritage MAFF, parts of the Department of the Environment—is that we are also trying to make sure that Defra knits together in a much more effective and powerful way and I think it has moved on enormously. When I was in Number 10 in the 1990s trying to do the first UK sustainable development strategy, the Department could not get to play ball at all and you will notice a big lacuna in the 1994 strategy is that it does not mention agriculture, because MAFF would not even offer anything. Other departments did not necessarily offer very much but MAFF refused to participate full stop. So that has moved on tremendously with the integration of former MAFF. So we are trying to bring things together. We are particularly surfacing up issues and we work very closely with David Miliband and his advisers to ask whether this is taking the Department in total where we want to go. That is our role, rather than getting involved in the day-to-day policy. We do not go out and negotiate things in Europe. The other bit of work that we lead on within the Department is the parts of the CSR, the Comprehensive Spending Review, that are looking at the next round of public service agreements. We did work in SRO4 on that, but looking forward the Treasury is having a fundamental look both at the PSA system but also at the strategic outcomes which we are trying to aim at as a department. Our Defra five-year strategy went beyond the set of PSAs that we inherited to say that these are the 14 strategic outcomes we want to deliver as a department and we are going through that process of refining it to meet the new sets of ministerial priorities. So that is what we do within the Department.

Q427 Jenny Willott: One of the other organisations that we have had evidence about is the Number 10 Strategy Unit and they seem to have a finger in every single pie they can. How do you divide the issues between the Department and the work that they do in Number 10? Have you ever asked them to do something for you? Have they ever asked you to contribute to something they have been doing? Are there tensions, are there problems in the relationship between the two areas of work?
Ms Rutter: I am going to say something which is my own view, which is not a Defra view, not a government view. My view is that the PMSU is a very good thing. When I was at Number 10, you noticed the lack of a "brain" at the centre. The Cabinet Office interpreted its role very much as a secretariat function. You would go to meetings in the Cabinet Office and sit there for hours. I was a civil servant in the Number 10 Policy Unit and you would sit there and you would get papers going to ministers which were very much, to be fair, lowest common denominator, pasting together—we did not have the technology to do pasting then—of departmental positions and actually did not offer ministers a very good service, did not offer the Cabinet Office a very good service, it certainly did not offer the Prime Minister a very good service. I think it was a good idea to create the Prime Minister's Strategy Unit and it has done some very, very useful work for Defra which has informed decision-making. It was before my time, but the net benefits report looking at the future of the fishing industry, where PMSU, working with Defra, spent a year throwing quite a lot of people at quite an intractable problem and came up with interesting and different solutions which Defra on its own would not have generated, was a very useful process. My concern in a sense is that the PMSU does not do more. There are some very interesting lessons which might come out of the devolved administrations. The strategy unit in the Welsh Assembly takes the manifesto that the Government have been elected on

and turns it into a corporate plan for government. That is a quite interesting possible role for PMSU. Their strategic audit work has been useful in highlighting sets of issues. It is wrong to characterise it as there being great tension between departmental strategy units and the PMSU.

Q428 Jenny Willott: I was not suggesting that there was, I was asking whether there was.
Ms Rutter: No, there is not.

Q429 Jenny Willott: Going back to the first question. How do you actually liaise? How do you decide what the issues are?
Ms Rutter: It is not a question of liaising. If they are looking at a subject which you—

Q430 Jenny Willott: Do you know in advance if they are looking at a subject that is in your area?
Ms Rutter: You would do. One of my frustrations is that none of our issues is currently on PMSU's radar.

Q431 Jenny Willott: Can you ask them to put things on?
Ms Rutter: We can ask them, but obviously the PMSU is directed at the Prime Minister, so their work programme is governed very much from the centre and Number 10.

Q432 Jenny Willott: But you can make suggestions.
Ms Rutter: We can make suggestions, but obviously it is the centre that decides the work programme for PMSU.

Q433 Jenny Willott: Do they ask you for input when they are doing something on your area?
Ms Rutter: If it is something that is relevant to your area, yes.

Q434 Jenny Willott: They will ask you.
Ms Rutter: Yes, they would be very keen to get input.

Q435 Jenny Willott: One final question which is just that I gather in Defra there are likely to be spending cuts in the future. How do you think that is going to impact on strategic planning? Do you think it is going to be the first area to go?
Ms Rutter: It makes prioritisation all the more important and that is really what we are trying to do through the strategy.

Q436 Jenny Willott: That is not what I asked. I might agree with that as an answer but it is not the answer to my question.
Ms Rutter: What we are trying to do is to prioritise. One of the areas where Defra is coming up on the side rails is evaluation. We have quite a lot of programmes, but we have not evaluated the effectiveness of our policy interventions as ruthlessly as we should have done and as we come under increasing spending pressure, actually ensuring that what we are doing is really focusing on getting the biggest impact in our key areas, plus ensuring that actually what we do is as effective as it can be, becomes increasingly important. That is a big area of the work.
Jonathon Porritt: May I just add one tiny word on behalf of the advisory bodies who are not here, who would undoubtedly be telling you that their work will be profoundly affected by the cuts in Defra and they would also say, I have no doubt because they have certainly been saying this to others, that some of the long-term work they do will be affected. If one looks for instance at flood defence, which is very much in the public eye, cuts in that area will clearly have an impact. An area that is less well known, for which Natural England has had responsibility for many years now, is Sites of Special Scientific Importance. Without a great deal of fuss, they have been gradually moving towards a quite ambitious target for improving the condition of Sites of Special Scientific Importance. That work will certainly be slowed. Some of the long-term stuff will get "de-prioritised" to enable the short-term stuff to be dealt with.

Q437 Jenny Willott: Can you see that happening?
Jonathon Porritt: Not yet, but I have no doubt that if you wrote directly to Natural England they would tell you that is what is going to happen because they do not at the moment seem to be slow in coming forward, pointing out to the Secretary of State and Defra that this is going to have a very big impact on their work.

Q438 Grant Shapps: Briefly then, back to the issue of policy and politics and long-term planning, Jonathon Porritt you were co-chair of the Green Party from 1980, so it has taken over a quarter of a century to get some kind of consensus which may well lead to a bill next month being announced in the Queen's speech to do something serious about the problems of CO_2. What does that tell us about long-term strategy and planning in government?
Jonathon Porritt: It tells you that patience is a very fine quality and that one needs an awful lot of it in this business! It also tells us something which, to be fair—I hope my Green Party colleagues will not be cross with me for saying this—is that a lot of what we were saying in the 1970s and 1980s was based largely on instinct and not on empirical data. The increase in scientific information—I am sure that David King coming after us will comment on this—the increase in the data available to government now is absolutely enormous. Whereas delay could conceivably have been argued as a "reasonable" government response up to the point when Mrs Thatcher, in her short-lived green period in 1988, declared to our consternation "We are all friends of the earth now", up to that moment the lack of hard scientific data was probably a "reasonable" justification for not doing as much as should have been done. Now there is absolutely no justification for the contradictions that you find at the heart of government when they try to make a long-term target work in the short term. I would evidence here the Government's aviation strategy. The Government has been told by many bodies,

including ourselves, that they will not be able to deliver on the Aviation White Paper if they want to deliver on climate change. These two things are fundamentally and totally incompatible. But the short-term aviation pressures are deemed to be more important than moving incrementally towards the long-term 60% target for reducing CO_2 emissions.

Q439 Grant Shapps: Now that we are all friends of the earth, it begs the question whether you do actually require all the parties to be in agreement before policy actually can move forward. Is that not the lesson of your quarter of a century battle, that it has taken all this time to get everyone saying the same thing and therefore this bill is—

Jonathon Porritt: Political consensus is very important, although I do not believe, as was once suggested, that we could stop the environment being a "political football". It is a highly politicised area of concern, and even if all the parties sign up to some consensus about a long-term target, the means by which we get there will need to be painstakingly negotiated between different parts of the political system, different parties and different agents of change in that system. But I do believe that consensus is important, and that it that needs to be based on good scientific evidence. I have to say that that is now what is undoubtedly driving this increased readiness and sense of purposefulness on climate change that you see in all the parties.

Q440 Grant Shapps: I think what you are saying is that actually the parties would have been wrong to . . . No, your hunch was correct, they would have been right to, but it would not have been based on scientific evidence if they had listened to you in 1980, for example, so you are almost conceding they were right to delay the decision.

Jonathon Porritt: They obviously were not right, as history now tells us, but they were justified in not having as incisive and strategic a set of commitments as is now required. From 1988 onwards, when my predecessor body informed the Conservative Government that this was no longer an issue of vague hypothesis but was a real phenomenon unfolding in real time in our lives, from that point on government's delay and prevarication have been completely unjustifiable and in my opinion wilfully neglectful of their responsibilities to this and future generations.

Professor Owens: May I add a small comment and that is that it takes many different things to make policy change and if it had not been for the sorts of pressures that were emerging 25 years ago, it probably would not have been on the agenda and therefore we would not now have the kind of scientific information and scientific input that we do have. It is a process where many different threads come together and it does take a lot of time.

Q441 Mr Prentice: Do we need direct action? My question is really about the kind of policy community. You are talking about climate change, but perhaps it would do more to move things on if people out there started taking direct action in some form.

Professor Owens: Direct action often has the effect of drawing something to public and political attention and is one of the forces which bring things together in a way that leads to policy change. It seems to me that having things on the agenda is tremendously important and sometimes the pronouncements of various august bodies do not actually put things on the agenda as much as something that is newsworthy. We have a number of examples from the past.

Q442 Mr Prentice: I want to ask you about that because the Royal Commission has been there since 1970 and you told us in your note that you return to issues if progress has not been made. I just wondered whether you could give us one or two examples where the Royal Commission has actually returned to an issue because the Government is just not interested.

Professor Owens: Yes, I can give you many examples but I shall confine myself to three. The original recommendation that pollution control should be integrated was an issue that the Commission returned to in several reports and also, through another way in which it exerts influence behind the scenes, by talking to people, by persuading people, by pressing this issue inside Whitehall and Parliament. Over a period of about 10 or 15 years it did really push that issue up the political agenda. That was one example. Another one which was very important was that from its earliest days the Royal Commission was very keen that there should be public access to environmental information and when it first began to press that point, it fell very much on deaf ears and over the years it pressed it in successive reports and always rejected the argument that public access to environmental information would somehow be dangerous and would lead to irresponsibility; it rejected that successively, so that was another example. One final one, the Royal Commission produced a major study on transport and the environment in 1994 and many of the issues that it raised then have become conventional wisdom since, but it came back several years later, in 1997, to produce another report on transport and to say they had not done enough, these issues were still crucial.

Q443 Mr Prentice: That is very interesting. Perhaps I could just ask Jonathon Porritt whether the Government do enough to get the views of people outside the loop. There are people who have alternative futures; Swampy who is going up a tree to stop a road being built and people thinking about policy in the Department for Transport have a different vision of the future. I am just interested in the extent to which government seek out people who have a different idea of what the future may look like and try to learn from them.

Jonathon Porritt: It differs from department to department. Some departments are very open to those stakeholder voices and in fact very heavily

dependent on them for securing a diversity of views across a quite differentiated spectrum from radical to conservative views. Although sometimes you do not see that reflected in policy as it emerges, it is usually deemed to be helpful to the policy-making process. That openness has improved in the last few years. If I think back to a time when I was Director of Friends of the Earth and was trying to bring policy in from outside, mostly at that time doors were closed because we were not deemed to have anything terribly useful to say. I certainly do not see that now. NGOs in our field, or at least in the environmental field, seem to get reasonably easy access to practically anyone they want to quite quickly when they have something to say. They may get sent away without anything being said and things do not necessarily change because they have got access-

Mr Prentice: That is the point.

Jonathon Porritt: It is part of the point, but you cannot say that there is not a listening process going on. You definitely cannot say that.

Q444 Mr Prentice: I am also interested in where there is a clash of strategies and I am looking at Jill Rutter here. Jenny asked you about the Number 10 Strategy Unit. Are there any examples? I should like some examples where the strategies of different departments are pulling in opposite directions and how that is resolved.

Ms Rutter: That would be resolved through the normal policy process. Obviously, individual policy decisions are made collectively by ministers. All significant policy decisions go to the relevant cabinet committee which will have the relevant secretaries of state on it; they will go in and have to, in the normal way of things, reconcile the varying policy demands. In a sense this clash idea, these wars of strategies, is not quite right. I will put it the other way. One of the shortcomings of the process around five-year strategies was the lack of integration. Rather than saying there is this strategy war between strategies going in different directions, that process, because it was done department by department, you were either a first wave or a second wave, there were a lot of missed opportunities where you felt that those strategies could have linked up better. So it was less that things were going in different directions than that you failed to identify opportunities. For example, the work the Department of Health did was focusing on health like that, then you have us focusing on things like climate change, but both of us have a big dimension around change of behaviour. There are actually some issues where we shared similar interventions but actually for different objectives. The Department of Health obesity objectives can also be met by some of the things that we think would be good for local air quality and for climate change, for example getting people out of cars.

Q445 Mr Prentice: My question really is whether the strategy people, all 70 of them, at Number 10 Strategy Unit have primacy. The Prime Minister is painting a picture of a nuclear future. We had an Energy White Paper only three years ago, the one before the latest one, which did not do that and all the factors which the Prime Minister is now calling in aid, the uncertainty of our gas supplies from places like Russia, were known in 2003 and the Prime Minister has done a backward somersault on something as important as nuclear strategy for the country. I am just interested how that happened.

Ms Rutter: I am not really the person who is very well placed to comment on that. The one thing I would say from our perspective is that the whole issue—I have only been in Defra since February 2004 so I was not around for the first Energy White Paper—of energy security has gone up the agenda quite significantly since the 2003 White Paper.

Q446 Mr Prentice: Did David Miliband consult you about his reply to the Prime Minister when the Prime Minister appointed him and sent him a personal minute? Did David Miliband go through his response to the Prime Minister with you? Can you tell us that?

Ms Rutter: It was obviously a departmental effort. We had a lot of discussion within the Department about David's reply.

Chairman: That is a yes.

Ms Rutter: "Consult" is a strange word.

Q447 Mr Prentice: Okay. When he is talking to the Prime Minister there is an interesting section here on waste and David is telling Tony about the prospect of achieving consensus on the nuclear waste issue. Would you like to tell us more about this emerging consensus on nuclear waste?

Ms Rutter: I think you will have to wait and find some opportunity to talk to David Miliband himself about that, I am afraid.

Q448 Kelvin Hopkins: I came in to the meeting somewhat sceptical and I have actually become somewhat cynical from hearing what you have said. It strikes me that we have this very forward-looking panoply of organisations and structures, and the Government take almost no notice whatsoever. Indeed although Jonathon says you have been welcomed into the parlour, to warm yourselves by the fire so to speak, they still take no notice when it comes to the crunch. You are now experiencing what Marcuse described as repressive toleration, where you are asked for your view and then ignored.

Jonathon Porritt: I do not think you should be quite as cynical as that. Susan referred, for instance, to the Royal Commission's report on transport. The first integrated transport strategy that John Prescott was responsible for in 1998 was very heavily influenced by the thinking of the Royal Commission. You cannot say that government was not listening at that point. The fact that it has since burnt that document and is back to its, in my opinion, not very clever and unsustainable old ways on transport is a lack of political leadership and political will. It is not a failure in terms of being in receipt of good advice that it thought it might be able to action and make real. I am trying to pick up on this process issue, about whether or not it is responding to the advice

that it gets from sources such as us. I would bring you back to farming again. The Government has been very open to external advice in that area on the future of the countryside and on farming and food issues. On waste issues (and I am not talking about nuclear waste here!) a lot of the advice brought to bear by external bodies is now being reflected more in the Government's thinking. Putting to one side the nuclear issue, which I agree has not been handled as well as it should have been in our opinion, on many other issues to do with renewables, energy efficiency, a commitment to decentralised energy and microgeneration—again I find myself in a peculiar role here of defending the Government's ability to move things forward—there is a clear sense of taking that advice and embedding it in policy. I do not honestly think outright cynicism is a proper response. You, as parliamentarians, are right to point out that government's speed of response to these issues is utterly deplorable; utterly deplorable. I find the degree to which these things are not being responded to properly with new policies coming forward beggars belief, absolutely beggars belief. However, that is a different issue, that is a timing issue rather than a complete "Get off our patch and let us get on with government" issue, because that is not an accurate representation of what is happening.

Professor Owens: May I just support Jonathon broadly in that argument? If you look at legislation over the last few decades, there are very clear reflections of the recommendations of the Royal Commission and indeed other advisory bodies. It is there in the legislation, in regulations and in changing ways of doing things. More importantly, it is there in different ways of *thinking* about the environment and environmental problems and different principles and philosophies of environmental policy which are perhaps more important in the longer term than the specific recommendations. I am not totally cynical. It is getting more difficult because in the early days the Royal Commission was dealing essentially with the gross pollution problems that were the externalities of production. Now it is dealing with the politics of consumption and that is much, much more difficult for governments and others to grasp.

Q449 Kelvin Hopkins: Just one more question. Alan Simpson, my colleague, last night drew attention to the fact that in so many areas including in energy we are behind what other countries are doing. They are intervening in the market and making things happen. We are leaving things to the market, or light touch regulation as Alan so delicately put it. Is that not the situation and are we not really fiddling while fossil fuels burn?

Jonathon Porritt: The real shorthand answer to that is that the Government puts undue emphasis on market forces to bring about the integrated optimal solutions that we need and that it should be more proactive in the way in which it regulates those markets to achieve those outcomes. That is why the Commission is currently carrying out a detailed review of the work of Ofgem in this area to assess the degree to which it has been given the right remit to act as the right kind of regulatory body knowing what we now know about issues like energy security and climate change.

Professor Owens: I agree it is the case for an integrated strategy, but it also does have to confront some very deeply embedded aspects of lifestyles and that is difficult.

Chairman: We should like to go on longer because this is fascinating. We have only scratched the surface; I apologise for that. It all invites further discussion. We have benefited greatly from you being here. Jill, when you wake up in the morning and find the *Daily Mail* headline which says "Top civil servant says no brain at the centre" your career may be in ruins but you will have done us a service. Thank you very much indeed.

Witness: **Professor Sir David King FRS,** Chief Scientific Adviser to the Government and Head of the Office of Science and Innovation, gave evidence.

Q450 Chairman: Perhaps I could just say for the record and to get us going, first of all apologies to David King that we are late getting your session on; it was because the other one extended itself for good reasons, but I do apologise for that. We are delighted to have you, thank you very much for coming. You are ending our inquiry into looking at strategic thinking inside government. We wondered whether you would like to say anything by way of introduction or whether we should just launch in and ask you some questions.

Professor Sir David King: I should be very happy to say a few words by way of introduction. What we are going to be discussing is largely the work of my Foresight team and the Horizon Scanning team and perhaps I could just tell you a little bit about how that has been redirected since I took post. The Foresight team had been working on something like 12 or 13 parallel tasks all of which were published on the same day when I took over. By acting this broadly, the impact of Foresight had been very broad. We did get a lot of people in the country into thinking into the future, business people and others, which was a very important part of the exercise. When I came into government, I was fairly quickly faced with the foot-and-mouth-disease epidemic and it seemed appropriate to me after that to try to put myself in a position where I would be facing such a situation in the future in a proactive rather than a reactive fashion. In other words, I was totally unprepared for that and had to work in real time during an epidemic to develop the science base which had moved very substantially, and this is an important point, since 1967 when we last had a foot-and-mouth-disease epidemic. The lessons learned from that epidemic were no longer appropriate, but the response of a government department is to take them out and act accordingly. What I did was gather

a science team, look at what we could do with modern science and then feed advice into government and we brought that epidemic under control rather quickly with that process. Looking at the Foresight team, it seemed to me appropriate that we should review it and revise its strategic methodology. What has now emerged, and we have now matured the process so that it is in a good state, is a system in which we choose very carefully a Foresight project. It is quite well defined and it has to be chosen as an area where government ministers, government generally, would have an interest in the outcome and where we would be looking at the horizon for potential risks and potential opportunities for the United Kingdom. The process is an in-depth process; I like to describe it as mining into the knowledge capability that exists in our country through the universities and research institutes for the benefit of policy advice into government. Typically a programme will be chosen. I take as an example flood and coastal defence management because that was one of the first two. I will first of all do a bit of scoping in the Office, decide whether we can add value in this area by taking a view that does not look two to five years into the future but looks in the space 10 to 80 years into the future, a long time ahead. Having scoped that, I find a government minister who would be prepared to chair a stakeholder board to adopt the work as it emerges and I am using that word carefully because the stakeholder board does not interfere with the process of the work but takes an interest. It will meet only three times typically during the period of the work of the team and that is mainly reporting and getting feedback on the general direction. I then set up a team of around 100 scientists, technologists, engineers, economists, social scientists, an appropriate group of people from, let us call it, the knowledge base and we work with them. The time span is usually a year-and-a-half to two-and-a-half years. I would say that 90% of our programmes fit into that timescale. We work with them over that period. In the first stage of the work we have now established a procedure. We are working with an inter-disciplinary team, communication tends to be a problem and we tend to use science writers to assist that process. Science writers will re-write material that is produced by scientists which is often not capable of direct consumption by people outside their field. We will review what the current state of knowledge is in the area and review it in depth. The reviews are published, everything is published that we do, it is all open and transparent and the reviews are published often in the form of a book. It might be up to a 1,000 to 1,500 pages long, but this is just the first part of the process. We then move into the second part, which is examining, from that knowledge base, how we can advise government on modes of operation, thinking about modes of operation in that time span, 10 to 80 years hence, but coming back to what actions are required today so as to be in a better place when that time span has lapsed. If you take the flood and coastal defence management programme, the outcome is that the Government have roughly doubled the amount of funds we are now spending on flood and coastal defence management. What we did was look at what the climate change scientists could tell us about the impacts on Britain out to 2080 and then we came back to the present day, so that if we are going to manage the risk to the United Kingdom from the increased impacts from flooding and coastal defence attack, this is the kind of investment we need to begin to make now so as to optimise our position into the future. We have now covered a range of topics in the last five years and we have engaged a good number of ministers across government, I think the total number is about 14, as ministers involved in the stakeholder process. The topics include "Brain science, addiction and drugs", and "Detection and identification of infectious diseases", which, by the way, was easily our most ambitious project. It involved a community of 400 scholars working with us including 50 from Africa and 50 from China and, just to indicate the kind of new ground that we break, in that case we looked at plant, animal and human diseases together and the stakeholder board was then joined by the three international bodies, WHO, FAO and OIE, which deal with plant, animal and human infectious diseases. We were told that nobody had previously put those three subjects together and the outcome has attracted an enormous amount of attention around the world. I can tell you that one of the outcomes was that 80% of human diseases originate from animals and the need for this kind of work emerged from our project to develop it. "Intelligent infrastructure systems". This was really taking a look at the transport system in terms of integrated transport but looking at it not in isolation but in relation to, for example, urban planning and in relation to the impacts of climate change and how we might reduce that as we move forward in time. "Cognitive systems". We were looking at the state of brain science and the state of IT technology, putting them together to see what could be learned from both communities. "Cyber trust and crime prevention". The cyber trust issue is now raising its head as identity theft, for example, so the whole question of cyber trust was, I would suggest, very timely for us to look at. Then perhaps a slightly more difficult topic, "Exploiting the electro-magnetic spectrum", which is taking recent science from the physical sciences area and seeing where we could apply it. We have just started a project on "Tackling obesities", actually we are reasonably well into it, and last night I initiated a project on "Mental capital and well-being". This is looking at the functioning of the human brain, how it can perhaps be optimised in terms of education of young children. We now understand in very fine detail how the human brain develops. How can we use that in relation to educational improvements? At the other end of the spectrum, at the old age end of the spectrum, how do we manage the situation where brain capacity begins to diminish? How do we optimise the situation for our society, looking at the question of human capital but focusing down on optimising the function of the brain and the concept of wellbeing alongside that? So a good range of topics. If I may make one more

point about these, in terms of the "Brain science, addiction and drugs", the outcome of that, which again was published, looks at all the advances over the next 20 years likely to come from the science base. These include revolutionising treatment for mental disorders, delivering new treatments for addiction, offering new recreational psycho-active substances with fewer harms. Here we are raising ethical issues where government need to take note of these issues that are in the pipeline ahead of time. A new category of drug is emerging which would improve the cognitive performance of healthy people, so here is an interesting challenge as well. A particular drug, modafinil, for example, was developed by scientists working on narcolepsy, people who tend to fall asleep at odd moments. If you give these people the drug and you fine tune the amount of drug, they can sleep eight hours a night and do not fall asleep during the day. If you feed it to a healthy person, that person can work 24/7 for seven days on end without any loss of capacity, if anything with cognitive enhancement.

Q451 Chairman: Where do we get it from?
Professor Sir David King: You can see the issues that are raised. Would you allow children to be given modafinil if they are heading up to their GCSEs or their A levels et cetera? What we are often trying to do is flesh out issues in advance of them hitting the headlines, so that governments can prepare themselves for that.

Q452 Chairman: That is fascinating. May I just ask you a couple of things? One is that I am not clear why you do some of this work as opposed to other people doing it. It is all very impressive work, it has obviously been done to a very, very high standard. It strikes me that it could be done in other places. Some of it, as you were saying, could have been done by an international body because it is not limited to a particular context. Some of it could have been done by other bits of the strategic machinery inside government that we have been stumbling across: strategy units in Number 10, the strategy bits of departments. Some, obesity, seem to sit absolutely inside a departmental silo. I am just not sure what triggers the involvement of Foresight and what extra it brings to the system.
Professor Sir David King: My role in government is, as chief scientific adviser, to see that the best possible advice is placed before government from across the scientific patch. In that role I attempt to see that every government department has the proper scientific capacity fit for purpose, provides the right advice into secretaries of state and ministers and that that advice is given in a form where those ministers are likely to use it. That is what I need to report to the Prime Minister on and I have worked hard in that capacity. Secondly, my role is trans-departmental. I have a trans-departmental science and technology team which looks at the science and innovation strategies of each government department, but also looks at issues that run across government departments. Whereas you would look at obesity perhaps largely as a Department of Health issue, we would say that there is also, for example, an educational issue. There are other issues that come into obesity than just health, for example DCMS is interested in obesity. So we do tend to pick on issues which are trans-departmental but, more particularly, running the government Foresight programme, we are looking beyond the timescale that the government departments tend to be working on. The hectic life of an adviser within a government department is dealing with issues that are on the immediate horizon rather than the more distant one.

Q453 Chairman: Do you feel able to recommend policy conclusions from the work that you do? I ask that because one issue which has arisen in this inquiry is the relative advantages of having bodies doing this kind of work absolutely closely in government, because you get buy-in to government. However, that has a downside because you can take some bad flack around it. All bodies working outside government can be more freelance and can say more radical things but do not have a purchase on government. How do you experience that?
Professor Sir David King: The way Foresight was restructured five years ago, which I have just described, is to try to meet precisely those two disparate requirements and I do not think we have fallen between the stools in doing that. The team of people who work with us, and I should give credit to my Foresight team who have developed an expertise in oiling the process and they do it extremely well, work in-house to develop that ability to work with the Foresight programme, but we are working with people largely external to government. That work is done without any interference so I always tell them to get on with it, make their report, publish it; it has our imprimatur but it is their property. Then the stakeholder board provides purchase into government so this does not just float out into space, but the government minister who takes on the responsibility to chair it, and sometimes that minister's successor, is then responsible to carry through whatever advice has been given. I will go back a year later, and they know this, to find out what has been achieved in that period and then I will report to the Prime Minister on that, so there is an expectation of a follow-through. It is put in the public domain and I have to say what we have discovered is that working in that time space 10 years hence turns out to be a rather safe space.

Q454 Chairman: Let me just ask you one final question from me which is that we had an interesting exchange with the previous witnesses, particularly Jonathon Porritt, who said that 20 or 30 years ago, when he was leading up the environmental movement, he was really working on instinct and it was not really empirically well grounded. It turned out to be right, he hastened to add, but not good science. He said it is quite different now. He said now the science is irrefutable, certainly on the environmental side, and that changes completely what you would expect from government. Is that analysis broadly right do you think?

Professor Sir David King: It is broadly right. The Foresight process is helping to bring an awareness of that forward. My own position, if I may, is that the 20th century has seen science, technology and medicine provide all of the wealth-creating and health-creating opportunities that we felt we needed, but without any attention being paid really to the state of our environment, to the state of our resources. The 21st century challenge for science and technology is to spell out in advance what the risks are ahead of us and then come back and see that we develop the science and technology that can manage that. I say that because the population is 6.4 billion as we sit here today. In 2028 it will pass eight billion and in 2050 it will reach around nine billion. The 2028 figure is fairly certain. What that is doing, another 50% to our population over a 50 year period, is placing an enormous burden on our resources particularly as we all recognise that many of the under-developed countries are developing rapidly and all want a much higher standard of living. We are faced with a planet in a different state in relation to humanity this century and it is now very much a focus of many scientists around the world to see how we can optimise that situation.

Q455 Mr Burrowes: As you go through your programme, particularly looking at the brain science, addiction and drugs part of the programme, is your remit for looking at that area, as for all the other areas, completely free of departmental influence?
Professor Sir David King: I set the programme within my Office and we do scoping; we tend to settle on a topic and then scope it and it changes. Then, having done that, the Minister does not say to me "Sorry that's not quite right, can you try something rather different?". At this stage we proceed independently.

Q456 Mr Burrowes: Yes, but when you set the remits, say in addiction and drugs, are you aware of fitting in with various policy presumptions?
Professor Sir David King: Interesting; "policy presumptions"?

Q457 Mr Burrowes: May I help? Addiction: the Government do not have a strategy on addiction, for example. It does have a strategy on drugs supposedly; we could argue. They do have a strategy. Whether it has had any effect is another issue. In terms of their strategies, they do not have an addiction strategy. In your decision to have a remit of addiction, was that one where you were seeking to challenge a presumption? How did that come to pass?
Professor Sir David King: Your question does not meet how I would set about the task. I would rather set about it in the following way. Brain science—and British scientists have been leading the way—has transformed our understanding of how the brain functions. I was mentioning how we are now looking at a programme to improve the education of young children to optimise the moment of brain development when you educate people, if we can. In terms of brain science one of the key areas which have been developed is the complete molecular understanding of how drugs work in the brain and whether the brain is damaged on a permanent basis and so on by different drugs. All this level of understanding has emerged just in the last five or six years. We have this tremendous capacity there and it becomes quite apparent that that knowledge should therefore feed into every government system—and I have to insist that it does, no matter which government is there—to aid it in developing policies towards addiction and drugs. We are looking at science and looking at areas where we can provide evidence-based policy advice into the government system.

Q458 Mr Burrowes: May I tease this out a little further? You then move on to provide scenarios for the development of drugs for treating addiction. The issue of treating has various different definitions and can include presumptions. It could be achievement that seeks to harm reduce the impact of drugs or seeks to lead to an absence from drugs for example. Are any assumptions made as to where you see the issue of treatment?
Professor Sir David King: Specifically not. Now I think we have come to the point; you have clarified it for me. No. We will allow this group of scientists and social scientists and medics and so on to reach and draw out their own conclusions. The ownership of the report is amongst those 100 top scientists and others who have been aiding us.

Q459 Mr Burrowes: Yes, but in the area of treatment and addiction you have people in different camps. It is obviously a matter for you. One could not stay neutral as a social scientist. Ultimately, whilst it is evidence-based, people do come from different viewpoints, different perspectives and different presumptions. I am trying to tease out how you are able to get to an objective, evidenced conclusion.
Professor Sir David King: The process by which science arrives at conclusions is through challenge. The business is always one of people appearing to be disagreeing with each other. Out of that emerges a state of knowledge which is then partly, if not wholly, accepted and then we move onto the next area which is the cutting edge of science and there is more challenge. All of that is taken into account in the process. We present, as clearly as we can, the current state of knowledge and if there are disagreements, they will be presented as well.

Q460 Mr Burrowes: Is all that process independent of any policy or departmental influence?
Professor Sir David King: Absolutely.

Q461 Mr Burrowes: What about your awareness of the parliamentary challenge? For example the Science and Technology Committee have challenged the whole issue of evidence in terms of the Government's approach to addictions, specifically focusing on drugs and have challenged the paucity of evidence for their programme. How do you fit in with that kind of challenge from Parliament?

Professor Sir David King: My role would be to advise the Cabinet and the Cabinet includes the Home Secretary and that becomes an issue separate from the Foresight process. It is not always separable, because obviously we are trying to put forward a Foresight process which provides a strong evidence base. Nevertheless there is another part of my role which is to see that the best evidence-based advice goes in to government. In that process I have been seeing that all government departments where science can assist that evidence base have appointed chief scientific advisers themselves. Within the Home Office Professor Paul Wiles is the Chief Scientific Adviser and he is the person who is responsible within that department for seeing that the best advice goes to the Secretary of State.

Q462 Mr Burrowes: In terms of the question of parliamentary challenge, there are other bodies such as Parliament looking at the issue of evidence and an evidence-based approach and the merits and strengths of it. The Science and Technology Committee have done a report on the issue of addictions and I am just asking how much notice you take of that and how much it forms part of the challenge in your determination.
Professor Sir David King: I have always taken a lot of notice of the House of Commons and the House of Lords and in particular I do meet up frequently with the Science and Technology Select Committee. I think they are a body with an enormous amount to contribute.
Chairman: That was the right answer.

Q463 Mr Burrowes: The other body is the Strategy Unit. On the issue of drugs they came up with blue-sky thinking on a drugs strategy, they had a PowerPoint presentation on which we have commented here in the past. Do you have any link with them?
Professor Sir David King: The Strategy Unit in Number 10 is a unit with which we keep in touch in the sense that they know what our programme of work is and we know what their programme of work is.

Q464 Mr Burrowes: There is knowledge but is there any link to the point of influence?
Professor Sir David King: I am sure the Strategy Unit is influenced by our work in the Foresight programme. Just in response to your previous questions, what I am keen to tell you is that we do not take interference into the Foresight programme. I will tell the Strategy Unit what we are choosing as topics, but I am not inviting the Strategy Unit in.

Q465 Chairman: I think what David was wondering on the area he gave, the drugs area, was that you had the Strategy Unit, but you also had John Birt who wandered in and decided that he wanted to do work in this area. You, as Chief Scientific Adviser, what is your reaction to this?
Professor Sir David King: My voice in government is determined by the strength of the evidence base that I provide. I certainly would not complain about access to the Prime Minister and the Cabinet.

Q466 Chairman: Is it not confusing having lots of people trampling over the same area? You are bringing the highest scientific intelligence to bear on it; you are the official top man.
Professor Sir David King: I think I have given you my reply. It is very kind of you to say that.

Q467 Mr Burrowes: You produce these scenarios and then departments take them forward. Given the high quality, high level evidence-based approach which you take, does any challenge come in at a later stage or do you just hand it over to them and it is up to them to come up with their thinking?
Professor Sir David King: Does any challenge come in?

Q468 Mr Burrowes: Come in later. In terms of the process, would you come back to them and say that this is the policy approach they are taking and this is the evidence-based approach you have come to and there is a conflict?
Professor Sir David King: Will I challenge the ministerial system?

Q469 Mr Burrowes: In terms of communication, is there ongoing communication?
Professor Sir David King: If I understand you correctly, I hope I have developed two aspects to my reputation since coming into government: one is for openness, honesty, transparency. I have been very keen to put everything in the public domain in terms of advice I have put in to government, unless the Intelligence Services are involved. The second is that I do not tend to let things go. I will go in and raise issues if it seems to me that the evidence-based advice is not being followed.

Q470 Mr Burrowes: If we had another John Birt who came in with some blue-sky thinking on addictions, plainly that would be a scenario where you would want in an open way to challenge the view on the basis of your scientific approach. Just a hypothetical scenario.
Professor Sir David King: Your Chairman has very kindly said that ours is clearly very strongly evidence-based and that is the weight we have. It is based on the strength of the evidence we produce.

Q471 Mr Burrowes: Would you challenge that situation if it arose?
Professor Sir David King: With the evidence I would challenge any situation.

Q472 Mr Prentice: We know that if everyone in the world had the same standard of living as we do in the UK we would need the resources of three planets. You frightened me when you were talking about all these billions of new people who are going to be with us shortly. Are we all doomed?

Professor Sir David King: I am not simply going to dismiss your question: it is the 21st century question. I do not believe that human civilisation has previously been faced with an issue as complex as this because it requires collective action. Here I am referring to the fact that we might take all the right steps in this country to deal with these issues, but if other countries do not, then the situation is going to be rather difficult to manage into the future. Collective action is what is demanded of us through this century and that is going to require a tremendous amount of hard work.

Q473 Mr Prentice: That is interesting. Should we have a nuclear energy programme because the French across the Channel have one? I am just extending the point you have just made that if we were to have a policy which is non-nuclear it would be pointless because all these other countries round the globe are developing nuclear industries of their own.
Professor Sir David King: Are you referring to nuclear energy on the grid?
Mr Prentice: Yes, nuclear energy.
Professor Sir David King: I think you are managing to ask me a big question about energy supply within that. My view is well known. We used to have 30% of our grid energy from nuclear power, essentially carbon dioxide free. As we move forward in time, by 2020 we shall be down to 5%; we are currently at 19%. The amount of nuclear on the grid is diminishing. At the same time we are trying to reduce CO_2 emissions. Whatever we do in terms of renewable energy tends to be cancelled out by the loss of yet another nuclear power station. My argument is that nuclear power stations need to be replaced so that we can manage that process of reducing our emissions into the future. That is an argument within the British circumstance. I believe other countries also need to adopt our policy of reducing emissions by 60% by 2050.

Q474 Mr Prentice: Was that advice that you gave to the Prime Minister, because the Government are changing their view on this? The Energy White Paper in 2003 is very different from the Prime Minister's latest pronouncements that see us without a nuclear energy future.
Professor Sir David King: The 2003 White Paper has a statement in it which is effectively leaving the door open for a possible return to nuclear energy.

Q475 Mr Prentice: That has been closed now, has it not?
Professor Sir David King: It has now been more firmly opened.
Mr Prentice: Opened; yes.
Professor Sir David King: So we are returning to review the energy situation only three years after the White Paper 2003 and we are going to have a White Paper 2007 published in March next year. I think this was a necessary process to establish what, for example, is the public response to the development of wind farms around the UK. If I may put in some figures, we now have 1.4 gigawatts wind power potential up and running and we have another 9.5 gigawatts of wind power potential caught up in planning. There is an issue there which we need to look at again. We have learned about this issue over the last three years. As well, the issue around nuclear energy has focused itself very sharply around the fact that many of the utilities are now looking at nuclear energy in terms of its cost effectiveness.

Q476 Mr Prentice: Yes, we are interested in your views because you advise the Prime Minister and he is the man who for the moment calls the shots. Did you know that the present generation of nuclear power stations is literally falling to bits? Did you know that back in 2003?
Professor Sir David King: The nuclear power stations in the United Kingdom are subjected to—and I say this with some certainty—the most stringent health and safety process probably of any nuclear power stations in the world.

Q477 Mr Prentice: You would have seen the reports in the press today that power stations are going to be closed down while repairs take place and so on and so forth.
Professor Sir David King: Of course I have. Yes, I have seen those reports and prior to those reports I was aware of the cracks which have been reported. I am also aware of the HSE reports on those power stations. What I conclude from all of that is that we have a good system. In other words, if HSE instructs a system to be shut down it will be shut down under safe conditions. I do not agree with your description that they are falling apart, but I do think that there is a real issue here which is that we need modern power stations. Essentially what we are looking at in those power stations are the equivalent of Model T Fords compared with the technology which is now available. It is very important that we acknowledge that there is new technology available now which would be considerably safer, waste product considerably less than the old Model T Ford power stations.

Q478 Mr Prentice: It is reassuring. The *Financial Times* tells us that only one of British Energy's nuclear power stations is working normally, but you are telling us that because the Health and Safety people have discovered a few cracks then the system is fine.
Professor Sir David King: I would object very strongly to my words being picked up and turned around in the way you just did. I think that is grossly unfair.
Mr Prentice: I apologise.
Professor Sir David King: I am the Chief Scientific Adviser. You may play these games as politicians.

Q479 Mr Prentice: I apologise if I caused offence; that was not my intention. However, nuclear energy is a red hot issue of the moment and it generates a lot of debate.
Professor Sir David King: And very little carbon dioxide.

Q480 Mr Prentice: I am interested in your views because of your advice to the Prime Minister. May I finish on a separate point? Foot and mouth. For the life of me I cannot remember when the outbreak was.
Professor Sir David King: We first knew about it on 20 February 2001.

Q481 Mr Prentice: When foot and mouth was raging you were already the Government's Chief Scientific Adviser. Is that right?
Professor Sir David King: I had just come into post.

Q482 Chairman: That is why you remember the date, is it not?
Professor Sir David King: It is.

Q483 Mr Prentice: I suppose the question for me is: what was your advice at the time to the Government? Was it vaccinate or not? I remember the National Farmers' Union being dead against vaccination because if we vaccinated the animals we would lose valuable export markets. What was your advice to the Government on that?
Professor Sir David King: I became involved in the foot-and-mouth-disease epidemic on roughly 18 March, so the epidemic had been running for a while. In my new post I felt that I ought to provide the best possible advice. What I did—and I mentioned this earlier on—was draw together a group of scientists, vets, farmers, practical people as well as epidemiological modellers and in addition modellers from the MoD so that any advice I gave would be within the capacity of the MoD to operate. Having built that team together, we modelled the epidemic on the basis of the data which was being published by the Ministry for Agriculture, Food and Fisheries, as it was then, and we produced output from the models, running them on fairly large-scale computers, in a relatively short space of time. From that we understood that with the control procedures, that is the lessons learned from the outbreak in 1967 with the control procedures put in place, the epidemic was out of control. The day that I concluded that and told the Prime Minister I also went on the media to state that, just to underline my previous point about being open and transparent about the advice that I give. The upshot was that the understanding that it was out of control—this means that the epidemic was increasing exponentially with time—meant that we had to find a new control procedure to install, so we tried to map onto our computer models a whole variety of control procedures. This included vaccination and it included different cull procedures. I went back to the Prime Minister once we had turned the exponential growth into exponential decay with one of these models and that model was effectively put into place. I have to emphasise that it was put into place alongside control procedures which had already been introduced by MAFF. For example, the three-mile-radius cull which had already begun in the Lake District area was continued alongside the new programme of culling which came out of my modelling. The upshot was that, as I predicted, within two days exponential growth turned into exponential decay and as a matter of fact the predictive theory which was published in all the media in advance of time was followed very precisely by the data points as they kept coming in. The point I am going to make is that we included vaccination and rejected it for the very simple reason that the vaccination model was to create a ring around a newly infected farm and then vaccinate inwards and cull the infected farm in the middle. In our modelling we found that we would have to vaccinate over a very large region in order to have the same control process that we did with the refined culling procedure. What was also clear to me at the time—and this is terribly important—was that the methodology for distinguishing whether or not an animal was diseased could not distinguish a diseased animal from a vaccinated animal. What this meant was that once you started vaccination with any haphazard movement of animals you could lose control of what had been vaccinated and what had not and serology was the only test which was available then, there was no PCR test available to us. It also meant that if we were to emerge with our foot-and-mouth-disease-free status as a nation we would therefore have to cull not only the sick animals but every animal that was vaccinated if we wanted to return to the international FMD-free status. The Dutch Government on the other hand, where there was also an outbreak, followed the other model we had tried, the vaccination model. The upshot was that the Dutch Government culled approximately 10 times more animals than we did per infected farm in order to bring themselves back into an FMD-free international status. I am delighted to have this opportunity to explain this because there are several people in the media who have still not understood that story.
Mr Prentice: You were very clear.

Q484 Julie Morgan: I believe the 2001 general election was put off for a month because of the foot-and-mouth situation, was it not? Were you part of those discussions?
Professor Sir David King: Let me answer you in this way. I was fully aware of the fact that 5 May had been pencilled in by many people in the media at least as a date for the general election. The general election was actually called on 7 June that year. Whether this was something to do with the modelling predictions I made or not you would need to ask the Prime Minister.

Q485 Julie Morgan: But you made the modelling predictions to him and he decided on 7 June.
Professor Sir David King: The Prime Minister was certainly aware of the modelling predictions and, according to the predictions, by 5 May we would still not have had it under control but by 7 June it would be very much a minor outbreak.
Chairman: It just shows how useful it is to have a Chief Scientific Adviser, does it not?

Q486 Julie Morgan: A few more general questions. How do you decide which subjects to look at in depth?
Professor Sir David King: The first two programmes I initiated were decided in my Office. I felt that flood and coastal defence management, in the light of what I understood about the impacts of climate change on Britain, would be an important project, so I chose that one. Another one we chose was on "Cognitive systems" which relates back to our understanding of brain science and my sense that we could inform information technology developments to see whether we could mirror how the brain works in information technology. Subsequently we set up what has now come to be known as the hothouse of about 15 smart people who get together in a hotel. We lock them into the hotel for 24 hours with a group of enablers and they are given the instruction to come up with a dozen Foresight programmes. They discuss over that 24-hour period. Usually they come up with a number, around 60 or 70, and then that boils down to the optimal 10 or 12. We have gone through two thirds of those from that first process but subsequently other issues have emerged and now we have had a second hothouse process and we are beginning to work on the projects emerging from that.

Q487 Julie Morgan: That sounds absolutely fascinating: a hothouse for 24 hours with a group of people. Who are the people who are put in?
Professor Sir David King: They are leading scientists from different areas; leading medics, veterinary scientists, economists, sociologists, editors of major journals, editors of *Nature* for example, people who have a broad picture as well as narrow specialists. Perhaps at this point I could just mention to you that the Chancellor asked me to develop a centre of excellence for horizon scanning. The centre of excellence for horizon scanning has developed a different methodology. If I may, perhaps I could just tell you something about that?
Chairman: Please do.
Professor Sir David King: The methodology has two sides to it. On the one hand we went to a group of 200 leading scientists around the world and asked them what developments in science today are likely to emerge as technological developments over the next 10 or 20 years. We developed this big base of push-outs from the science base, potential technologies, some of them pretty wild. On the other side we went to political scientists, social scientists, philosophers, economists and asked what the big challenges were going to be in the world of tomorrow. Let me give you an example. Today we have a globalised economy. What is the possibility that we will move back towards the insular economies of the past because of various challenges. We asked them for the big challenges we are faced with over the next 50 to 100 years. We have the pull-through from the way we anticipate societies will develop and the push-out from what science and technology can deliver. Then we are filling the space in between. We are looking at areas where the science and technology could meet future problems, which is really why I said earlier on that the big challenge for science and technology is sustainability through the 21st century, challenged by the fact that we do not have three planets. A lengthy answer to your question, but that gives you some idea. We have started another process and that process in the centre there will also be used to mine out new topics for Foresight.

Q488 Julie Morgan: So the Prime Minister would not ask you to look at a topic.
Professor Sir David King: There is no reason why the Prime Minister should not ask me to look at a topic, but none of the topics we have looked at has been selected by the Prime Minister. On the other hand—and in a way this comes back to David Burrowes's earlier question—the "Brain science, drugs and addiction" programme actually emerged from a different path, which was the chief scientists in both the Department of Health and the Home Office suggesting that as a potential project. This was really looking at the longer term from their own perspective, at what was a potential area where we could assist the process.

Q489 Julie Morgan: If your advice is not followed in the departments, did you say you then report that to the Prime Minister?
Professor Sir David King: I am glad you have given me the opportunity to clarify. When we have finished the project—we have a language which tries to clarify this—we then launch the project into the hands of the stakeholder minister. The stakeholder minister's responsibility is to take it forward. I go back a year later and report back to the Prime Minister on what has been achieved over that period.

Q490 Kelvin Hopkins: You have already demonstrated, to me at least, that science and politics overlap and that you cannot just be a scientist in your position. You are a politician in a sense because you make choices. On nuclear power, in a sense you have made a choice. Would you accept that there are other choices which may be more or less expensive, and that there are other choices which politicians might make?
Professor Sir David King: My role is to provide the best possible advice, so my answer to the question about nuclear power was simply to point out the challenging situation we have because of our ageing nuclear power fleet, which is why I say I was aware of the cracks in the fleet. It is a political decision to decide how to deal with that situation. There may be more expensive routes ahead. My objective is to take science out of the box. I do not want it left in a box where people can say it has nothing to do with politics so I respond very positively to your question. This is science within the political system; I am an adviser within the political system, but I am an adviser, I do not take decisions.

Q491 Kelvin Hopkins: Given that you are dealing with politicians, almost all of them are not scientists—one or two of them are—I should have thought they would tend to defer to your

recommendation quite strongly in such a matter and you therefore have a very privileged position in that respect.

Professor Sir David King: I should have to say that I think I understand that and I should also have to tell you that I am extremely circumspect in the advice that I give, particularly if the consequences are very substantial. For example, we are all aware of the fact that an avian flu epidemic is on its way round the world, there are many countries where it has been quite severe in the poultry population and there is a potential for a human flu pandemic to develop if the virus transforms. I have to advise the Government with the best possible scientific advice on what is the right way to prepare for such an eventuality and that is done with enormous care.

Q492 Kelvin Hopkins: I am sure there are occasions when your scientific advice might make life very uncomfortable for politicians and in a sense they do not want to go there. I give one example: foetal alcohol spectrum disorder. There is a very strong body of evidence of some children suffering from this, but there is also substantial evidence of a lot more suffering from it in a milder less obvious way. I have raised this in the Commons but the Government do not seem to want to take it on board because clearly it would mean a difficult decision, recommending to all women that they do not drink when they are pregnant. I will say that the evidence derives from your original country, South Africa, where black women working on wine estates were paid to some extent in wine, and an enormous number of babies have been damaged by foetal alcohol syndrome there. Do you sometimes experience such uncomfortable situations, where government is resistant to accepting even information, let alone advice, because they know it leads in a direction they do not want to go?

Professor Sir David King: I am only hesitating because I have not actually experienced that. I am trying to think through. I have not experienced that difficulty, but this is not to say the advice is always taken. No, I cannot give you an example.

The Committee suspended from 4.50 pm to 4.58 pm for a division in the House.

Q493 Paul Flynn: Which of the projects you have put up to the Government for consideration have been rejected?

Professor Sir David King: Is this for the Foresight programme?

Paul Flynn: For the Foresight programme, yes.

Professor Sir David King: None of them has been rejected.

Q494 Paul Flynn: The reason I ask the question is that when we spoke to Lord Birt on the Strategy Unit and the subject that he did on drugs, which David Burrowes gently described as a government strategy, the report he did was one of high quality but one which was meant to be kept secret, that is the reason it probably was of high quality, because the main conclusion of it was one which was deeply embarrassing to the Government and all governments' programmes on drugs which have not been characterised by any empirical evidence. You have not come across that at all. Would you say that the subjects you pick are not avoided if they are potentially embarrassing to Government?

Professor Sir David King: My position on that is first of all that I am effectively an independent voice in government. No, I would defend the publication and have done if anyone has ever suggested that we should not publish. These suggestions do come forward because sometimes it looks as though the material we are publishing—we always do the scenario analyses that David referred to—the scenarios look rather terrifying and there is concern that when you publish them, put them into the public domain this may seem to be government policy in some way. The media has never responded in that way. I think the media has taken our Foresight programme seriously as a contribution to the debate. However, the Strategy Unit is working on a much shorter timescale. I mentioned the safe space of 10 years' onwards and that is quite an important point. The Strategy Unit is expecting results in the time period of a given minister or prime minister.

Q495 Paul Flynn: If I may illustrate the point, the main conclusion of this report which was only published under freedom of information, was that you could not control the drugs trade on the supply side, but that is precisely what the Government are doing in sending young men to die in Afghanistan. That is why it was potentially embarrassing. What other pressures are on you? When you reached your conclusions about nuclear power, what was the comparable weight of evidence, the quality of the scientists involved, from the nuclear power industry which is up and very prosperous, compared to the tidal power business which has enormous potential, again virtually no carbon except in the construction. How would you compare the two or the renewables and their voices? How loud, how persuasive were they and what quality compared to the ones we know to be very powerful from the nuclear industry?

Professor Sir David King: The answer to your question is that I think it is my function to see that I challenge all those communities so I do think my response is even-handed. If you look at my response in terms of whether it is a barrage on the Severn or wind farms or wave, I have been around the world finding out where best practice is in each of those areas and informed myself in that way. I do not rely on what experts tell me. My function is to challenge each and every one of those experts and then draw my conclusions. I was asked about nuclear. Now that you have raised the question of renewables and I believe that it is very important that we raise the level of renewables putting energy onto the grid in this country. I believe that it is equally important that we develop much better processes for dealing with energy efficiency as we move forward in time. That is the massive win-win: to improve energy efficiency. I think it is quite possible that over a 30-year period we could reduce energy usage in the built

environment, which produces 50% of our carbon dioxide by a factor of three by proper building regulations and by properly refurbishing old buildings. All of these things, every one of them, needs to be tacked down if we are going to manage what I think is a massive problem, the problem of global warming.

Q496 Paul Flynn: We accept entirely your scientific integrity but we are all subject to pressures on various sides. If we take the report you did on brain science, there is a controversy about brain chemistry between the group of people who claim that there is such a disease as attention deficit hyperactivity disorder which can be cured by a balance of the chemicals in the brain by using Ritalin and others who claim this is entirely theoretical, no-one has taken synovial fluid and measured it and found there was anything out of balance at all. If you came across something like that in your brain science report which would be very controversial and upset the pharmaceutical industry, or many other things on disease-mongering and so on which might upset the pharmaceutical industry, how do you feel under pressure by them, again another powerful lobby, who are contributing to your work? Would you come up with a conclusion like that and have no hesitation in presenting it even if it were damaging and embarrassing to powerful interests?
Professor Sir David King: I come back to the actual Foresight process. The ownership is taken by those 100 or so individuals who contribute to the process. In other words I may publish a foreword congratulating the people on the massive amount of work they have done—and really we do take up an enormous amount of the time and effort of the scientific community—but I do not step in and change their report one little bit. It is their ownership.

Q497 Paul Flynn: A final question which is based on what we are looking at here. You are very much in contact, you have given evidence to the scientific committees and to the Environmental Audit Committee on various occasions, but many of the other bodies involved in looking to the future have very little direct contact with parliamentarians as such. There is a suggestion to set up a committee to look at the future and to look at all policies, possibly build on the basis of how they will affect people in 25, 50, 100 years' time. Do you think this would be useful?
Professor Sir David King: Very simply: yes. I can hardly think of anything new that would be more useful than that.

Q498 Paul Rowen: You mentioned earlier on the work that goes on in departments and your work is necessarily very strategic. What monitoring do you do once you have published a report and it has been accepted by government to ensure that the actual policies and procedures laid down in that report are being implemented?
Professor Sir David King: If I may answer your question broadly and then narrow it down, when I came into government, faced with that foot-and-mouth-disease epidemic which I have now spoken on at some length, the Prime Minister asked me how we could ensure that every government department has improved access to science-based advice and asked me to report to him what was necessary. My report essentially said that we need a chief scientific adviser in each government department who has a dotted line to me and a direct line to their secretary of state so there is no filtering of that advice. Secondly, I said that I should develop a science review system to go into government department after government department to review the quality of the knowledge base, the evidence base that they are using, particularly around the sciences and to see the fitness for purpose of the work they are doing and to see whether that advice is taken. We have set up such a review process. It is an in-depth process and the reviews take time. It is a nine-month or so exercise on average and we have been a little slow in getting this underway. Nevertheless, it is underway and we are about to publish three reviews of different government departments. I think that the different government departments themselves are finding this very useful. There is always a sense of fear when we are coming in that we may be about to publish a critical report, but our analysis is always meant to be constructive and moving best practice from one government department to another, but also looking for areas where different government departments could assist each other, where they are unaware at the moment perhaps that they could do that. I set up a general process of review: the Foresight process is just a small part of that.

Q499 Paul Rowen: I do not know much about the three departments, but if I take one about which I know something, the Department for Transport, figures I have say that only 50% of all new road building schemes have actually had a climate change assessment carried out on them. If you become aware of that and you have helped set the general policies with regard to climate change, what steps do you take to make sure that the department rectifies that?
Professor Sir David King: I would certainly be talking to the chief scientific adviser in the first instance and I would probably also be talking to the secretary of state.

Q500 Paul Rowen: So I can expect some action on that?
Professor Sir David King: I did discuss matters with Douglas Alexander yesterday. There is good communication.

Q501 Paul Rowen: What about the Gershon reviews? How do you ensure that when those sorts of thing are going wrong the central tenets of the thrust you are trying to move the Government on is not lost in these efficiency savings?

Professor Sir David King: That is certainly a very good question. If we look at efficiency savings, it is also a matter of reducing staffing. Of course that is a problem. If we take the Foresight programme, we are not going to reduce the staff in the Foresight programme, but whether we would be able to expand it to begin to meet the demand which is now being developed around government departments for our Foresight activities has become the real question in the light of what you are saying.

Q502 Paul Rowen: There is only one cabinet minister who has a science background and many scientists feel that politicians in general and in government in particular have nothing to offer for them. What do you do to try to ensure and foster a relationship which is fruitful so that government understands what the needs of science are and that we are properly supporting science in this country?
Professor Sir David King: I think the answer to your question is that the most important thing is getting the evidence in front of ministers and not just to say this is the conclusion of the science but to explain it in plain language and in detail. My experience is that very generally ministers are very, very happy to have soundly-based advice.

Q503 Paul Rowen: Suppose you are saying something with which they do not agree? Is that a problem?
Professor Sir David King: If I go in armed with the facts and the detailed analysis—
Paul Rowen: Do the facts not sometimes get in the way?

Q504 Mr Prentice: May I ask this question because we do not often have eminent scientists in front of us? I remember getting very agitated about the hole in the ozone layer and I speak very passionately about this. Recently I have learned that it is closing. Was that a surprise to you that the hole in the ozone layer was closing?
Professor Sir David King: As it happens, the chemistry department of which I used to be head in Cambridge was the department which was doing the modelling of the development of the ozone depletion layer, the so-called hole. It was very much advice emerging from that modelling which led to the Montreal decision to reduce CFCs. What the modelling did indicate was that it would take a considerable period of time for the repair to begin and it is only just beginning now and it will take another estimated roughly 70 years to fully repair. We do know that by banning CFCs—and, by the way, the ratcheting up after the Montreal process was remarkable; the political system did react responsibly and CFCs were virtually terminated within a few years—we have managed that problem for the planet, but we now have a far bigger problem ahead of us.

Q505 Chairman: So you were not surprised because you knew all about it. Just to end. Someone like you comes into government and you come in from a scientific background and government is a funny old business and it talks about strategy and it talks about evidence-based policy-making and yet you discover pretty soon that it is not quite like that: policy gets determined for all kinds of reasons. You find machinery which is probably not very coherent in terms of getting hold of some of the big strategic issues and bringing scientific intelligence to bear on them. Does that make you feel frustrated with how government does this? Does it make you think that government could and should do it better?
Professor Sir David King: Yes and the whole purpose of my coming into government has been to see that the Government response to the evidence base is improved. That is what I have seen as my challenge. I would have to say that over the past six years I think that there has been quite a turnaround amongst government ministers, for example seeking our advice on a whole range of issues now, whereas when I came into government I do not think that really existed. It must be apparent that if you have the best possible advice to start from you are going to make better decisions and that is what we have managed to get through to government. I am not suggesting that the tanker has been turned around 180°. It is a long process and it is both government ministers and the way they are used to operating, but also the Civil Service. There is a large operation in place which has a long history and science has not always been to the fore in that process.
Chairman: It would be tantalising to go further down that route, but we have kept you longer than we promised and we are sorry about that and for the interruptions and for getting you on late. However, it has been a fascinating session and we are very grateful to you for coming along. Thank you very much indeed.

Written evidence

Memorandum by Sir Michael Bichard

STRATEGIC THINKING IN GOVERNMENT

Strategic thinking or planning is always difficult. It is especially difficult in Government perhaps for some of the following reasons:

(a) The pressure (media, public and political) is for short-term action and results.

(b) The incentives and pressures within government are for departments and Ministers to work independently—some would say in isolation—because the success of senior managers and Ministers is more often measured by the growth of their department and its influence rather than by the contribution it makes to thinking across Government. Strategy in Government, however, requires a focus on major social and economic policy issues which do not conform to departmental boundaries.

(c) There is not a strong tradition of corporate thinking or action in Government. Others will be better able to comment on the corporate impact of Cabinet over the years but at the level of officials the Permanent Secretaries have not often acted corporately either to identify strategic priorities, plan for them or deliver policies to address them. In this sense the group contrasts sharply with an effective local authority corporate management board—although the particular constitutional position of the Secretary of State does make corporate management in Government more difficult.

(d) Government covers a huge canvas. Strategic planning is inevitably complex and it is notoriously difficult to anticipate the impact of one social policy initiative on connected areas. The size of the canvas at a Government level exponentially increases the difficulty.

(e) Strategic thinking demands high levels of creativity and the ethos and structure of the Civil Service has not traditionally enhanced creativity. Organisations which are (relatively) closed, risk averse, hierarchical, status conscious and centralist do not tend to be the most creative.

(f) Sectors with a contribution to make to strategic thinking do not always work well or naturally together—central and local government; the statutory and not-for-profit sector; the public and the academic sectors; the public and private sectors.

(g) Attempts to plan/think strategically have a history of being centralised and imposed on departments/Ministers. The instincts of departments have therefore been to resist rather than embrace their recommendations.

(h) In an increasingly global/connected world we may not yet have found ways of bringing sufficient of an international dimension to our thinking.

There are, therefore, no easy answers and, given the difficulties, there have been some good examples of strategic thinking/planning not least the current debate on pensions. As ever, nonetheless, the question is what might further enhance the process. Possibilities include:

(i) Seek to improve further the links between the academic research community and Government. Various initiatives have been taken at a departmental and cross-Whitehall level and the research community is properly anxious to retain its independence. Nonetheless, there is probably scope for a more intensive engagement.

(ii) The greater acceptance by Permanent Secretaries of a corporate responsibility to identify strategic priorities, especially those which cross departmental boundaries. I believe the new Cabinet Secretary is conscious of the need for this greater sense of 'corporacy'.

(iii) Place more emphasis on creativity in the development of civil servants and in the way departments are structured and managed. Creativity is key to effective strategic planning and is not the same as intellect. It can be enhanced.

(iv) Review regularly the capacity of Departments and Government to think strategically as well as evidence of their strategic performance. The Departmental Capability Reviews, as they develop, could address this—and of course the NAO might give the issue greater prominence.

(v) Involve as a matter of routine an even wider range of people, experience and interests in the strategic planning process—to include think tanks, other public and private sector agencies, the third sector and universities.

(vi) Encourage Select Committees to take a more active role in strategic thinking and resource them to that end.

(vii) Build on efforts to develop a shared ownership for strategy across Whitehall.

2 December 2005

Memorandum by Dr William Plowden

INTRODUCTION AND SUMMARY

Four main points are made in this memorandum. First, although a major part in governments' strategic and long term thinking and planning must be played by the individual ministries which are responsible for developing policies in different sectors, this task cannot be left to them alone; the role of the centre of government is even more important. But, secondly, the task cannot be performed only inside government; it must be shared with a wide range of institutions and people outside. Thirdly, serious long-term thinking, and conclusions which it may reach, will often be seen as threatening by powerful interests within and outside government; if they anticipate disagreeing with its conclusions they may try to prevent it taking place at all. Fourthly, the active support of the "rulers" (in the British case, Prime Minister and, sometimes, Cabinet) is crucial if strategic thinking and planning are to influence government policy.

1. *Who should be involved in strategic thinking and planning?*

The Centre or Departments?

A major part in strategic thinking and planning for particular sectors must be played by the relevant government departments. They are, or should be, the experts. In many cases they should be in the lead: the trade ministry for trade policy, the foreign ministry for international relations, the social security ministry for pensions. The finance ministry has an interest in every sector. (It should, however, be remembered that it too is a sectoral ministry with sectoral interests; its views about the long or short term should not automatically be accepted without challenge.) But there are two reasons why line departments should not be allowed to monopolise long-term thinking and planning. First, even in the short term, and certainly in the longer term, decisions about sectoral policies are almost bound to raise "whole of government" issues, of concern to other ministries. (This is also so in cases where it is not obvious who should take the lead, eg global warming.)

Secondly, in thinking about the future the executive agencies responsible for policy in any specific sector will inevitably be influenced by their current assumptions and by the priorities implicit in existing policies; it is hard for them to accept that their assumptions and priorities may be mistaken and that long-term strategy may need to take a completely different direction. Even if officials are willing to concede this, their ministers may want to conceal such doubts from colleagues in general or from the minister of finance and the Prime Minister in particular.

For both these reasons there should be, in addition to departmental strategy units, a central" strategy unit". This should be located in the Cabinet Office and answerable to ministers collectively, on the lines of the present set-up.

More generally, the wider the range of different ways of thinking strategically within government, the greater the chance that the important issues will be identified and discussed. A pamphlet recently produced by the Commonwealth Secretariat, on strengthening Cabinet decision-making in Commonwealth countries, defined one of Cabinet's key roles as "giving strategic direction to the government as a whole". It listed several different kinds of "institutions" as relevant to this task:

- Ministerial committees—perhaps with supporting committees of officials—focusing solely on strategic issues;
- "lookout" units of officials, once again focussing solely on the long term;
- use of external think tanks [see below];
- units reporting to Cabinet on the strategic and long-term implications of policies, actual or potential;
- cross-departmental teams working on major strategic issues.

The pamphlet also suggested that institutions should be supported by "processes", for example an accepted strategic management and budgetary cycle and "out-of-Cabinet" retreats for all or selected Ministers.[1]

2. *Long-term thinking can threaten major interests*

Forward thinking is disruptive. If it avoids challenging received orthodoxies and established policies, simply projecting the latter into an indefinite future, it adds little or nothing. But if it indicates possible discontinuities, and/or the falsity of current assumptions, and/or the need for radically different policies, it immediately challenges and threatens those with stakes in existing policies; it is likely to be rubbished by them. If it even hints at the need for major changes in current government policies, some of which could be

[1] Alex Matheson and William Plowden, Strengthening Cabinet Decision-making in Commonwealth Countries, Commonwealth Secretariat 1999.

unpopular and politically contentious, not only its conclusions but its very existence are likely to be denied. If such thinking has been taking place within the government machine, the order may well come down from the top that it should be stopped.

3. *Government or outsiders?*

The points above suggest answers to the questions of who should do such thinking, and where it should be done. On the one hand, the closer such thinking is done to "rulers", and the more the thinkers are taken into rulers' confidence, the more relevant such thinking will be to rulers' current preoccupations and needs. The more likely will the rulers be to take seriously the conclusions reached.

But such proximity also often makes rulers more nervous lest strategic thinking becomes a political liability. If the thinkers are based in their office, it is harder for rulers to disown thinking and thinkers alike if they dislike the conclusions reached, especially if these leak and become a political liability. In the 1970s the Central Policy Review Staff (CPRS) adopted Herman Kahn's slogan, "thinking the unthinkable". But this is in fact very hard for insiders to do—and to survive. In 1982 the conclusions were leaked of a CPRS report suggesting (as a hypothetical way of cutting public spending) scrapping the NHS and replacing it by a private insurance scheme. This idea was so unpalatable to Mrs Thatcher's government that it launched a major damage-limitation exercise denying that serious thought would be given to such a possibility; more seriously, the episode is believed to have confirmed Mrs Thatcher in her determination to abolish the CPRS.

A further example . . . Early in its life the CPRS launched what it called an Early Warning Exercise (EWS). The aim of this was to identify, in advance, issues and problems certain or likely to need discussion by the Prime Minister and Cabinet. This, it was hoped, would enable the PM's office, the Cabinet Secretariat and the CPRS itself to think, in advance, about the second-order issues which would need to be considered and about the data needed for an informed discussion. It would also alert Ministers, other than those primarily involved with the issue, in time for them to consider any implications for their own departments.

Such issues were to include firmly programmed developments such as the impending report of an important committee of enquiry, a planned state visit by an unpopular head of state, or the expiry of an international or domestic agreement. But also included were to be the "unprogrammed", unforeseen but possible contingencies which might create new situations—today, for example, Mr Sharon's sudden illness. So were possible policy failures, developments which departments' current policies were designed to prevent: in the 1970s one familiar bogey was a "run on the pound". These cannot be overlooked; for strategic thinking to be useful all those involved must be frank with their colleagues about "skeletons" in their departmental cupboards, for example the financial weakness and possible collapse of a leading British firm. The risks of policy failures must be acknowledged. The information thus gathered must be circulated to all those who might have to help to pick up the pieces.

The EWS failed for several reasons. Departments were reluctant to admit even the possibility of policy failures, and deliberately did not mention some possible issues in their fields in the hope (sometimes vain) that these would not arise. The Treasury argued that some economic and financial contingencies were far too sensitive to mention in a Cabinet paper lest the paper leaked and help to bring about the very contingencies feared. Some senior Ministers felt that any paper would be far too explosive for general circulation and that it should go only to a very limited group. The cumulative effect of all this negated the basic point of the exercise, which was to encourage the Cabinet *as a whole* to look ahead and think strategically about government policies in the round. The exercise was soon abandoned.

The EWS episode showed that if rulers insist that attention is paid to their current preoccupations and needs, or if thinkers spontaneously pay too much attention to these, this may weaken the quality of the thinking and distort the conclusions reached. Truly radical alternative futures may never get on to the agenda.

In any case, those responsible for current policies are the least well placed to think open-mindedly about alternatives. This applies, as stated above, to line departments compared with the centre. It also applies to government as a whole, compared with those outside government. The point has been neatly summarised by one of the world's leading writers on these issues, Professor Yehezkel Dror:

> "Governmental organisations tend towards incrementalism and other non-innovative approaches to decision-making. But this is inadequate . . . Imaginative thinking is required, coupled with iconoclasm in respect to accepted policy orthodoxy.
>
> "Many processes and actors outside governance are much more innovative and creative, such as markets, some grass-roots movements, free-floating intellectuals and university academics, 'think tanks', . . . and spiritual leaders. Governance, and in particular central governments, should therefore rely on the creativity and innovativeness of other structures and facilitate them. This is no substitute, however, for building up creativity in governance . . . "[2]

The downside of thinking done at arms' length from rulers is, of course, that thinkers may be, or may become, out of intellectual and ideological touch with their clients. Their conclusions may bear no relationship to their clients' interests or to what is thought to be politically feasible.

[2] Yehezkel Dror, *The Capacity to Govern*, Frank Cass 2001.

This is why thinking should be done at several points on the line that links rulers at one end and dreamers at the other. Well-resourced and responsible think-tanks can play a major part. Insiders, although under pressure not to be too radical themselves, can commission or at least report the thoughts of independent outsiders, who can be much bolder. Planning, which involves decisions about the use of resources, has to be done by insiders, taking account of political realities.

4. *Need for support of rulers*

The Early Warning Exercise episode illustrated one basic point, which should be borne in mind in conclusion. As mentioned above, activities of this kind can be disruptive and threatening and may run into objections from powerful interests inside government. The quality of thinking and planning is irrelevant if the politics are wrong. To succeed, these activities need the active and visible support of the Prime Minister. Professor Dror again:

> "While advisory systems to rulers often try to promote coherence and a strategic approach, this is quite impossible unless the ruler himself is strongly interested in it."[3]

16 January 2006

Memorandum by The Royal Commission on Environmental Pollution

1. The Royal Commission welcomes the Inquiry launched by the Public Administration Select Committee on 1 November and the opportunity to provide evidence in relation to the issues and questions paper. It is clear from the examples given by the Committee and in particular that of global warming, that some of the strategic issues raised fall within the remit of the Royal Commission. It is therefore, we believe, helpful for the Commission to respond to your Inquiry.

2. The Royal Commission on Environmental Pollution is an independent standing body established in 1970. It provides advice on environmental issues to the Queen, government, Parliament, the devolved administrations and the public. The Commission's terms of reference as set out in its Royal Warrant are:

> "To advise on matters, both national and international, concerning the pollution of the environment; on the adequacy of research in this field; and the future possibilities of danger to the environment."

3. The Members are drawn from a variety of backgrounds in academia, industry and public life. Contributing a wide range of expertise and experience in science, medicine, engineering, law, economics, social sciences and business, Members serve part-time and as individuals, not as representatives of organisations or professions. The appointment system operates on Nolan principles. The term of appointment is three years but Members may be reappointed.

4. A Framework Document agreed in 2001 (available via the website http:/www.rcep.org.uk) sets out the Commission's relationships with Ministers and Departments, and recognises its independence. The Commission is funded through the Department for Environment, Food and Rural Affairs, on behalf of the UK government and the devolved administrations.

5. The primary function of the Commission is to contribute to policy development in the longer term by providing an authoritative basis for policy-making and debate, and setting new policy agendas and priorities. Its advice is mainly given in the form of reports (25 to date), which are the outcome of major studies. It also produces shorter reports and makes short statements, either in response to consultation exercises or on its own initiative, on matters it considers of special importance or which arise out of its studies.

6. The Commission sees its role as one of reviewing and anticipating trends and developments in environmental policies (and in other sectors with significance for the environment), identifying fields where insufficient attention is being given to problems, and recommending action that should be taken. In reaching conclusions it takes into account the economic and ethical aspects of an issue as well as the scientific. It seeks to make an informed and balanced assessment, taking account of the wider implications for society of any measures proposed.

7. The First Report of the Commission in 1972, made its strategic remit clear saying: "We do not have the competence or the resources to act as environmental ombudsman, dealing with appeals against local or central government decisions about specific cases of alleged damage to the environment where there are already channels through which such appeals may be made; what we are able to do is to give advice on the general principles which should guide Parliament and public opinion."

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[3] Yehezkel Dror, "Conclusions", in William Plowden (ed) Advising the Rulers, Blackwell 1987.

8. The word "pollution" in the Commission's title has been interpreted broadly as covering any human action which impinges on the environment so as to cause hazards to human health, harm to living resources and ecological systems, damage to structures or amenity, or interference with legitimate uses of the environment. A recent example being the 25th report, "*Turning the Tide*" which addressed the impact of fisheries on the marine environment and dealt extensively with over fishing.

9. The Commission is independent and can choose its own topics, although we consult widely on potential subjects for enquiry including among our consultees the relevant Select Committees and Government Departments as well as outside stakeholders. There is a provision in our Royal Warrant which allows Government Ministers to commission inquiries from us, but this is very much the exception.

10. Royal Commission inquiries not only analyse an issue in depth and with authority, but also set out a series of recommendations which are addressed primarily to central Government. The practice throughout the life of the Commission has been for Government to respond publicly and in detail to these recommendations. There is therefore a very clear pressure on Government either to accept the Commission's recommendations or to set out why it regards it as inappropriate to do so or why it has decided to address any particular issue through a different course of action. The Government response like the Commission's report is normally published as a Command Paper and the exchange is therefore not only public, but also highly visible to Parliament.

11. By framing the issues and making explicit recommendations to the Government of the day, the Royal Commission is putting it on notice that action is necessary. If action is not taken and problems worsen, the Commission report may act as an indictment on the performance of any particular administration in the future. In this sense Royal Commission reports may act as an incentive to Government to make difficult decisions today eg the 60% reduction in CO_2 emissions by 2050 as recommended in the 22nd report.

12. The Commission influences policy in a number of ways. Firstly, the very fact that it is inquiring into a subject may put it up the agenda and attract more attention than it would otherwise receive. The question of the choice of topics for the Commission is therefore one which of itself starts the process of influencing policy.

13. The Royal Commission is unusual in being a standing advisory body. This gives it the authority to return to a subject if it feels that the Government response has been inadequate and to exploit opportunities, such as a change of Government, to rekindle interest in an issue and to try to secure a different outcome. Experience suggests that an early uptake of Commission recommendations is related to the timing of the report and the extent to which it coincides, either with the willingness of Government to address the issue, or other political factors. Recommendations which emerge after strategic decisions have been taken, or which are not in line with the core values current in the administration, are unlikely to be rapidly adopted. Examples include recommendations for increased transparency and for Integrated Pollution Control in the early years of the Commission which took many years to influence policy.

14. The Commission has therefore reconciled itself to the fact that not all of its recommendations will be accepted in the short term and has identified other ways in which recommendations have been influential as part of a more subtle process by which policy changes over longer periods of time. Ideas have sometimes been reformulated by the Commission and re-presented to Government at a later date, by which time they may have become established within the intellectual framework of the policy debate. In some cases the evidence becomes more ineluctable, a process to which the Commission contributes or other exogenous factors change. In the Commission's history, an ability to "change the frame" over periods of a decade or more has been at least as important as rapid uptake of specific recommendations.

15. Another important consideration for the Commission is the extent to which policy decisions are either devolved or taken at an EU level. Our primary remit is to advise the United Kingdom Government. However we have also taken active steps to engage not only with the Devolved Administrations, but also to try to ensure that where our recommendations depend on changes at EU level we engage with the EU Commission and with the European Parliament. Recent examples of this have been in relation to chemicals policy and to the marine environment. Our recommendations on the latter, for example could not be delivered without a radical restructuring of the Common Fisheries Policy.

16. Although it is now over 30 years since the founding of the Royal Commission, and much progress has been made in improving environmental standards, many challenges remain. Indeed because the emphasis has moved from end of pipe solutions which largely bear on industry, to wider issues such as climate change which require engagement with the whole of society and may be politically difficult, we believe that the need for the Royal Commission which can take and publicise an independent, long term perspective remains as strong as ever. The need to address the increase in climate change impacts from the projected growth of aviation is a case in point.

17. The Committee may be interested in the attached academic analyses which set out some of the ways in which observers have viewed the work of the Royal Commission and the ways in which has influenced policy. Independent reviews of recent reports are available on our website. The most recent being those on the Twenty-first and Twenty-second reports on *Setting Environmental Standards* and on *Energy*.

6 March 2006

Memorandum by Sir David King FRS, Chief Scientific Adviser to HM Government and Head of the Office of Science and Innovation

Incentives for Action

What incentives are there for Government to make difficult decisions today in order to avoid problems occurring in the future?

Government departments are required to complete a risk assessment exercise whenever they seek funding from Treasury. The assessment of alternative policy options and the assessment of the effects of risk on costs and benefits should be made in accordance with the Green Book guidance (which provides a consistent framework to be used across the public service).

The National Audit Office also considers whether adequate attention was devoted to the assessment of risk as it reviews the effectiveness of government departments, providing an incentive for departments to have adequate risk assessment processes in place for the day-to-day management of their work and the budgets provided by Treasury.

The Thames Barrier which protects £20 billion[4] of assets every time it is raised, the foot and mouth disease outbreak which cost the UK £2 billion[5] and continuing terrorist activity are all examples which have highlighted to government the importance of effective risk management.

Clear examples such as these have provided the evidence to support increasing investment in risk management. The government's approach to risk management is improving as it builds on the more traditional methods of risk management with the use of horizon scanning to watch for unexpected risks and the use of scenarios to ensure that investments are robust against future uncertainties. The growing expectation to improve the quality of risk analysis in this way is reflected in the 10-year science and innovation framework which saw the creation of the government's Horizon Scanning Centre (HSC).

Having said that, it will always be a challenge to decide how much resource to allocate to mitigate risks which might never materialise, particularly when pressure on resources is high.

The Comprehensive Spending Review has been set up with the explicit aim of preparing the UK for the long-term challenges ahead and will take a more fundamental look at government spending in this context. This provides an opportunity to ensure Departmental spending plans and strategies factor in a long-term perspective.

How can governments balance the need to think strategically with the need for flexibility in responding to current and arising problems?

As the question recognises, successful governments must think strategically and retain flexibility. A key to getting the right balance is to be aware of the risks and to understand the uncertainties. Strategy involves being clear about what one wants to achieve and what measures need to be taken to get there—in the short, medium and longer term. Being clear about what one ultimately wants to achieve ought to make it easier to cope with current crises and to make it easier to deal with those crises in ways that, so far as possible, keep policy on track towards the long term goal.
There is no necessary conflict between thinking strategically and responding to short-term problems. Good strategies are grounded in an assessment of risk and have plans in place to manage and mitigate those risks. Good strategies are also flexible, and evolve as circumstances change to deal more effectively with short-term problems while advancing towards the long-term goal.

Futures techniques help governments to become more aware of risks, and understand uncertainties. The government's Foresight programme helps to strike the balance for major cross-departmental, long-term, strategic issues where science plays an important part.

Since 2002, seven major Foresight projects have been completed, ranging from work on the future of flood risk to the future of drugs. I attach a short summary of the projects and some of the outcomes of the work. Foresight is currently working on three projects: Tackling Obesities: Future Choices; Sustainable Energy Management & the Built Environment; and Mental Capital & Wellbeing

Foresight projects use the best cutting-edge scientific evidence. On the project on the future of drugs, for instance, fifteen "state of science" reviews were commissioned. These ranged from experimental psychology to ethics, from neuroscience to narratives and from genetics to social policy. The reviews made clear what we know at present, and what the scientists are working on now. They also extended into what was likely to be possible in the next five to ten years and what the reviewers thought would not be possible. This provided a firm evidence base for analysis, where the project considered in a set of scenarios how society might use and respond to the developments. The potential future risks and opportunities were made clear as a result, as well as types of policies which would be robust against different scenarios.

[4] Environment Agency http://www.environment-agency.gov.uk/regions/thames/323150/335688/341764/341770/?lang=_e
[5] Cabinet Office report, http://archive.cabinetoffice.gov.uk/fmd/nav/report.htm

The HSC is supporting the development of skills to use strategic futures techniques more widely across Whitehall. It has created a database of key science developments and broader issues for government departments to consider. The database has already been used to identify key areas of science to inform department's bids for resources from Treasury. The HSC also works closely with departments on specific projects, provides coaching and runs a "Future Analysts Network". Further, the HSC is working in partnership with the Office of Science and Innovation's *Sciencewise* programme of public engagement and dialogue on science and technology through a project called "*Science Horizons*". This project will enable departments and agencies to identify public aspirations and concerns around new and emerging areas of science and technology to inform, but not determine, strategic planning and policy development.

Strategy and the Centre

How should governments work to identify issues which are likely to cause problems in the future?

Governments should ensure that they incorporate within their strategy development process a scan of future risks and an assessment of the robustness of their proposed strategies against future uncertainties. The strategy should be based on a review of relevant science, which should be used to challenge assumptions and allow departments to build from the evidence.
Foresight and the government's Horizon Scanning Centre contribute to this, as do the strategic audits carried out by the Prime Minister's Strategy Unit.

Is strategic thinking too centralised, or not centralised enough? Should the centre concentrate on providing the training and tools for departments to carry out strategic thinking, or engage in strategic thinking on their behalf?

There is a balance to strike. The Cabinet Office and I share an objective of supporting the Prime Minister in leading the government. Therefore there needs to be sufficient strategic thinking and strategic policy making capability at the centre to play this role—especially on issues that cut across the interests of more than one Department. This is one of the reasons for the existence of the PM's Strategy Unit as well as the role played by Foresight.Clearly it's neither possible nor desirable for all strategic thinking to be done at the centre. Each Department needs to take a strategic approach to its work. The centre may then also have a role in helping Departments to build this capability. In my view the large majority of strategic thinking in government should take place in Departments, who should of course work closely together in doing this thinking. At the same time there is benefit in a small central resource to undertake strategic evidence-based thinking in a neutral space, such as that in Foresight projects, which is trans-departmental, challenging and long term. The challenge is not only about whether strategy is carried out in the centre, but also about ensuring adequate connection between those serving in the different functions, for example strategy, policy and delivery. Increasing efforts are being made to ensure that links are made from between these functions. For example, each Foresight project has an engagement plan and no project will proceed until a Minister from the relevant department agrees to lead the work. More recently Foresight has seconded staff from relevant departments into project teams, so that experience and knowledge are shared during the course of the projects and knowledge and networks transfer back to departments.

Foresight also plays a role in providing training and tools to support departments in carrying out strategic futures analysis. As well as the secondments they offer:

- The Strategic Futures Toolkit—suggestions for success (available online at http://www.foresight.gov.uk/);
- Training sessions for those working on projects;
- Coaching on specific pieces of work [could we include some quotes from the independent assessment of the pilots on the coaching we provided?];
- Support for the National School of Government in order to build relevant training into their programme.

Is the departmental structure suitable for strategic policy making?

In my view there is no magic to a particular departmental structure in terms of effective strategic policy making. Most large strategic issues are bound to involve several departments, and the mechanisms for ensuring that they work together well are therefore crucial. These include Cabinet and other interdepartmental committees, networks, Foresight, secondments/loans and the work of central Departments. In many cases these work well. At the same time I believe there is a case for exploring how government might provide greater short-term resource flexibility within overall control totals in response to emerging evidence and strategic drivers.

Is the relationship between the Strategy Unit and individual departments and policy teams effective?

My own teams work closely with the Strategy Unit to ensure transfer of skills and knowledge.

THE STRATEGISTS

How does one train someone to carry out strategic thinking? Do civil servants get the training they need?

Approaches to training are the same as for any other area. The best approach is a combination of experience, coaching, courses, interactive guidance and reading material. The balance for the best outcome will depend on the individual as well the level of skill that they can attain.

While off the job training has a role, the best way to develop strategic thinking skills is probably to do more strategy work on the job, and learning from peers and managers. This is why the PM's Strategy Unit, Foresight, and others place so much emphasis on joint working with Departments.

The new Professional Skills for Government (PSG) initiative recognises strategic thinking as one of the core skills necessary for entry into the Senior Civil Service. All departments are ensuring that staff have access to advice on that skill, and the opportunity to increase it as necessary. The National School of Government has developed and is offering a number of courses in this important area.

The Horizon Scanning Centre also offers training on strategic futures analysis, but it will take some time before there is a critical mass of staff across government with the right experience and knowledge.

What are the most appropriate ways of bringing outsiders into the government's work on forward strategy?

The Foresight process is an exemplar of engagement of people outside the Civil Service. Between 100 and 300 scientists are involved in each Foresight project. Stakeholders, including some from the private sector, are engaged through: a high-level stakeholder group chaired by a Minister; an advisory group; workshops to explore the issues; and a clear engagement process to include those with something to contribute.

We should also bear in mind the role of scientific advisory committees such as the Advisory Committee on Releases to the Environment and the Human Genetics Commission, which are made up of leading scientists, and extensive public consultations, such as that which has been carried out on Foot and Mouth Disease contingency planning.

Other effective ways of bringing in outsiders include:

— recruiting people with private sector or university backgrounds to permanent Whitehall positions; and/or

— secondments and fixed-term appointments.

Is there sufficient scrutiny of government strategy? Should there be more use of peer review and opportunities to challenge the government on its strategic plans?

It is essential that scientific evidence is used in the development of strategy to support the use of economic analysis and consultation.

My own position as independent Government Chief Scientific Adviser reinforces the importance attached by the government to the need for such scrutiny. My role spans the whole of government in the matter of the health of science and the application of scientific evidence to policy strategies. I deliver that independent role through my participation in several Cabinet Committees, my Chairmanship of the Chief Scientific Adviser's Committee and several other advisory committees.

Complementary to my role is that of the individual Departmental Chief Scientific Advisers who are often drawn from outside the civil service and who are supported by a number of Scientific Advisory Committees (SACs) that advise Ministers and officials.

I have provided departments with guidance on how to deliver policies based on scientific evidence, and I review all plans to check that the guidance is being followed.

The Council for Science and Technology (CST) is the Prime Minister's top-level independent advisory body on strategic science and technology policy issues. It focuses on longer-term, cross-government issues that are identified either by government, or by the CST itself, as being of strategic importance. It provides a challenge function in two ways. First, by carrying out in-depth studies in particular areas, such as into the opportunities and risks of greater use of personal data, or the options for energy generation in the UK. Second, through short and very focused interventions to hold up a mirror to government where there are perceived weaknesses, such as how to make science, technology and innovation key components of procurement policies, or how to get service sector companies to make greater use of innovation coming out of the science base. CST has also responded directly to government consultations, in particular the Science and Innovation Investment Framework and the Next Steps document.

Is there a greater role for Parliament in contributing to the strategic planning process?

This is a matter for Parliament. I welcome the work of the two Science and Technology Select Committees in scrutinising strategic issues where S&T are factors.

Evaluation Strategy

Is there a way of assessing whether strategic policy making has been successful?

From my perspective the key test is whether the strategic policy making has properly considered the relevant evidence and plausible future developments, and made reasonable judgements on the basis of those. A successful process is of course not the same thing as achieving the best possible future, given hindsight—that will always be impossible.

There are though a number of possible success criteria for strategy work. For example:

- Did it increase understanding of the problem and its causal drivers?
- Did it result in a clear statement of goals and measures of success?
- Did it consider carefully the role of government and the rationale for government intervention?
- Did the options for policy flow from the definition of the problem and the statement of goals?
- Was a range of policy instruments considered?
- Were policy options appraised in a systematic, fact-based and transparent manner and informed by evidence of what works?
- Was there a careful assessment of risks?
- Did it make strategy/policy more flexible/adaptable in the event of shocks?
- Was deliverability assessed?
- Were the recommendations implemented?
- Did they achieve the intended results?

Are there ways to measure the value for money of strategic planning? If so, how does the government fare?

Comparisons can be made with the private sector and other countries, using the criteria suggested in the previous question.

As for Foresight, its evaluation concluded that:

- The overall process has been justified by its track record of delivering high quality outputs;
- The approach adopted is fit-for-purpose and offers good value for money, and adds to this by leveraging resources;
- Given the scale of many of the problems being addressed and the attendant large government budgets they attract, a few hundred thousand pounds for each Foresight project seems to be excellent value for money.

Foresight

The aim of the programme is to produce challenging visions of the future in order to ensure effective strategies now. Seven projects have already been completed:

Cognitive Systems

Looked at developments in the physical and life sciences on thinking systems. The main objective of the project was to consider whether there would be value bringing the two communities together to share their experiences. At the start of the project, they did not think there would be any value in such a collaboration, but by the end they thought there were three or four areas they would not be able to take forward without collaboration. The project led to a cross-council initiative to take this forward. The project also explored emerging and future technologies, for a wide range of applications—transport, defence, leisure etc. The Economic and Social Research Council is now working with the Department of Health on the ethical, social and legal implications of the developments in relation to healthcare.

Flood and Coastal Defence

Explored the future potential risks of flooding up to 80 years in the future and the impacts of that flooding in five future scenarios to provide an idea of the range of possible future threats. A second set of scenarios was produced which then considered how we might respond to those risks and the costs of introducing responses that brought risks back to current-day levels. DEFRA is leading a cross-Whitehall action plan

responding to the findings of the work. The project directly informed the Treasury's 2004 Spending Review ensuring continued high levels of flood management funding. The novel work of the project is now commanding interest from other countries such as the Netherlands, China, Japan, the USA and India.

Exploiting the Electromagnetic Spectrum

The UK developed the laser but makes little money from it. This project looked at future electromagnetic spectrum technology with a view to ensuring the UK captured the commercial benefits. It looked across the whole field and identified a number of key areas for investment, optical switches, near-field technology, medical and defence imaging and photonic manufacturing, and optical tools for "lab on a chip" technology. It developed details of the technologies in each of these areas and roadmaps for the delivery of step-change capabilities.

Cyber Trust and Crime Prevention

Looked at developments in information and communications technology and trust. It considered future crime risks and what we might do to reduce those risks. In addition to a detailed report on future technologies, it produced a set of scenarios that have been used in gaming workshops by a number of government departments to test their policies for robustness in a range of possible cyber futures.

Brain Science Addiction and Drugs

Considered how we might manage the use of psychoactive substances for the benefit of individuals, communities and society at large. It explored what those substances might be in the future, what their effects might be and what methods we have for managing their use. This project provided an evidence base on both medical and leisure drug use to inform policy development. It produced a series of science reviews, a report on the general public's views of some of the issues, an analysis of the pharmaceutical industry's perspective on the future of neurological drug futures, an examination of how drug use might be modelled to inform policy, as well as a series of scenarios exploring how society might use future advances. The Academy of Medical Sciences is now looking at the issues raised in this report, with a view to reporting back to the Department of Health in 2007.

Detection and Identification of Infectious Disease

Considered future technology that will help us spot new and emerging threats from human, animal and plant disease. The project has identified the key user needs and developing detailed roadmaps that set out the science and technology we will need to deliver those capabilities. It also mapped future potential risks and the events and decisions that could lead to future threats of disease. The project has already stimulated Defra to announce funding for a new bio-security device to detect the presence of dozens of different pathogens.

Three Foresight projects are running at the moment:

Tackling Obesities: Future Choices

This project is looking at the risk factors affecting levels of obesity and how we might use this information to inform our response. It is considering how we can deliver a sustainable response to obesity in the UK over the next 40 years. It is seeking to: identify the factors that influence levels of obesity, define their relationships and importance; and identify effective interventions. It is due to present its findings in 2007.

Sustainable Energy Management and the Built Environment

The project will consider the potential future role and relationship of centralised and decentralised energy generation in delivering the UK's long-term energy goals. It will look at scientific, technical and economic issues including: future systems for generating heat and power that are low carbon and distributed; transmission and distribution networks; and demand management. Demand management would range from reducing use of energy in buildings through materials and intelligence, to exploring behavioural, attitudinal and information barriers to changes in behaviour.

Mental Capital and Wellbeing

The project will use the best scientific evidence to inform policy makers how we can get the most out of the mental capital in the UK—both for the benefit of the state through wealth creation, and for the individual by promoting wellbeing and social inclusion. It will look into the future to assess the future challenges resulting from changes in demography, work and society. In particular, it will identify a small number of grand challenges, which will form a focus for the work of the project. These will span conception to death and will

encompass both the challenge of mental disorders such as Alzheimer's, and the key role of lifelong learning. The analysis will draw upon diverse fields such as: neuroscience, economics, psychology, psychiatry, genetics, education, economics, and a wide range of social sciences.

September 2006

Supplementary memorandum from Sir David King FRS, Chief Scientific Adviser to HM Government and Head of the Office of Science and Innovation

Thank you for your letter of 24 October asking for more information on a number of areas raised during my appearance before the committee. I enclose a response to your further questions.

Machinery of Government

Q. *Your Office and the Foresight Centre are placed in the DTI, whilst the Social Researchers are based in the Treasury and the Strategy Unit is based in the Cabinet Office. Why are parts of the machinery which deal with future thinking across government located in different departments within Whitehall? What arrangements are there to connect them? What value do such connections add to the forward thinking processes?*

As I mentioned in my evidence session, my role is trans-departmental. I have a trans-departmental science and technology team which looks at the science and innovation strategies of each government department, but also looks at issues that run across government departments. Foresight forms part of this group. The OSI is positioned within the Department of Trade and Industry for the historical reason that it emphasises the links between science, innovation and wealth creation. Foresight can benefit from this positioning as it can use the links with OSI to access leaders in government, business and science. There will be rationales for the positioning of cross-cutting groups such as you mention in the Treasury and the Cabinet Office. What is important is how they link together.

The Development of the Foresight Programme

Q. *Does Foresight require a cross-government brief that can only effectively be conducted outside individual departments? If not, what would the impact of the central Foresight Programme be if more individual departmental foresight programmes were established?*

As Foresight almost exclusively deals with issues that are trans-departmental, positioning a project of this type within any department would send messages about the nature of the project that would affect participants' perceptions of that project, whether they were from that department, or from another, or from outside Government. Many departments have futures programmes, not necessarily called Foresight, that operate successfully on issues that fall within their parent department's area of interest. As part of my guidance on the use of scientific evidence in policy making I encourage this, and seek departments assurances through their science and innovation strategies that they carry out their own futures, or horizon scanning work, as well as using what emerges from foresight. I have frequent bilaterals with ministers and officials both with the Treasury and Number 10/Cabinet Office, which ensures that we are all kept up to date.

Foresight projects look deeply into the trans-departmental issues, and from them we have learned much on the process of engagement and working across Government. This expertise has been transferred to the Horizon Scanning Centre; this centre is working across Government to spread this good practice, raise capabilities and join up in those areas that have not been the subject of a Foresight project.

Dissemination of the Work of the Foresight Centre

Q. *How is the knowledge of the Foresight Programme disseminated outside the scientific community, in particular to Parliament and the Cabinet? Is there any reason why Foresight Reports could not be published as Command Papers?*

I have presented on Foresight both to the whole Cabinet and to individual cabinet and other ministers through my regular meetings with secretaries of state and their ministerial colleagues. The Foresight reports are widely disseminated, and are publicly available for download from the Foresight website.

I have also presented the findings of a number of Foresight projects to Parliament, and have placed copies of these reports in the libraries of the House.

The question of publishing Foresight project reports as Command Papers would be for ministers to consider.

Impact and Assessment

Q. *Is any work done within government to check policy against the recommendations of Foresight studies? We understand that an external review was conducted of the Foresight Programme by Manchester Business School. Why was this commissioned? What was its value?*

Foresight develops a number of scenarios or other visions of possible futures. These are indicative of how the world might look in the years ahead, and therefore raise issues that departments and others need to address. In all projects, relevant departments work with the Foresight team to produce an action plan, setting out what they intend to do as a result of the project. For example, at the launch of the most recent project, Detection and Identification of Infectious Diseases, seven departments—Defra, DH, Home Office, MOD, DfT, DfID, and DTI all agreed to consider and review the findings of the project in developing their policy, as well as undertaking more specific actions. The High Level Stakeholder Group for each project is reconvened after about a year to review the actions that have taken place, and a report of this review is prepared and published. A further review is also carried out after three years.

The independent evaluation of the programme of Foresight projects was commissioned in 2005. The aim of this evaluation was to give an external evidence-based view of the programme's impact, cost effectiveness, strengths and areas for improvement. The recommendations made by the evaluation have been addressed in the Government's recently published response.

Future Thinking on a Larger Scale?

Q. *Is there scope to apply Foresight on a larger scale? For example, would it be possible for the Government to produce a document once a Parliament on its views of the future challenges the country faces and the parameters of the Government's possible responses (as happens in Finland)? What would be the advantages and disadvantages? How could this link in to the Foresight Programme and the Strategic Audits conducted by the Strategy Unit?*

The Foresight process is designed to look at specific issues in some detail. It would, however, be possible to carry out a different process to deliver a review of the strategic challenges for the UK. In fact, Foresight officials provided advice to the Scottish Executive for their forward look. Such a process could feed into the decision on areas for more detailed consideration, whether by individual departments or Foresight, and could be supported by work already taking place in the Horizon Scanning Centre.

15 November 2006

Memorandum by Dr Ruth Levitt and William Solesbury[6]

Introduction

1. We submit this memorandum in response to the Committee's Issues and Questions Paper, and we deal particularly with question number 8: "What are the most appropriate ways of bringing outsiders into the government's work on forward strategy?" We also comment on question number 10: "Is there a greater role for Parliament in contributing to the strategic planning

The Contribution of Outsiders

2. Our comments on question number 8 are based on the findings of an original empirical research project that we undertook recently. The title of the project was *Evidence-informed policy: Does recruiting outsiders into Whitehall make a difference?* The work was funded by a small grant from the Nuffield Foundation, and the report was published in May 2005 (available at www.evidencenetwork.org.uk/documents/wp23.pdf). A shorter article based on the report has appeared in *Public* (October 2005, p 37) and another article will appear in *Public Money and Management* (January 2006).

3. This project addressed the question whether the recruitment of more "outsiders" into work in or with Whitehall departments is creating a more informed development and delivery of policy. The question is of interest in the context of the government's repeatedly stated intention to improve the ways in which evidence is used in public policy and associated professional practice. By "outsiders" is meant people who have had previous careers outside the civil service—in local government, universities, business, consultancy or the wider public service—in contrast with "insiders", the career civil servants.

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[6] Senior Visiting Research Fellows, ESRC UK Centre for Evidence Based Policy and Practice, King's College, University of London.

4. In recent years such outsiders have joined the ranks of the civil service in increasing numbers and in diverse roles. Our research focused on three kinds of appointment that have been particularly characteristic of Whitehall since 1997—appointments to posts in the Senior Civil Service through open competitions, appointments to policy units with a mix of inside and outside staff, and appointment as non-executive members of departmental Management Boards.

5. The sources of information that we used included:

— reviewing published documents about civil service recruitment and staff development;

— interviews with Cabinet Office staff and recruitment consultants working on these practices;

— non-attributable interviews with recent "outsider" recruits and with colleagues with whom they work, some of whom had explicit "strategy" roles;

— an invited seminar under Chatham House rules to present interim findings to a range of senior and specialist "Whitehall watchers" from the civil service, consultancy, think tanks, academe.

6. We drew five main conclusions:

(i) Outsiders can bring distinctive and varied perspectives to bear on the work and culture of Whitehall, which are based on the skills, experience, domain knowledge and networks they have developed outside. In many ways they may be more 'worldly' than career civil servants. Thereby they can improve the quality of policy discourse within departments.

(ii) Outsiders' skills, experience, domain knowledge and networks have the potential to complement those of insiders. That potential can be realised where (a) there is high level patronage and support; (b) teamworking operates effectively, commonly found in units of mixed staff like Strategy Units; and (c) there is a critical mass of outsiders.

(iii) Recruitment and induction practices are very important contributory factors in attracting outsiders, bringing them in and enabling them to succeed. These practices need further improvement; if they were tailored more exactly to each case, they could provide much better conditions for outsiders to give of their best, and for host departments to maximise the potential benefits.

(iv) The more the culture maintained by senior insiders in Whitehall can become genuinely open, permeable and responsive to change through external influences, the better use Whitehall will be able to make of the perspectives outsiders contribute; this is a long-standing issue, and there remains considerable scope for improvement.

(v) At the moment, bringing outsiders into Whitehall is officially promoted as "a good thing". However, it is not yet being monitored or evaluated in a sufficiently thorough way, quantitatively or qualitatively, to enable politicians, the executive or observers to be sure of the exact benefits and costs, or the lessons for improvement. Until this type of evidence base is more developed, the whole endeavour risks being seen as a rhetorical device that lacks real urgency or priority.

Key Points for PASC

7. In the light of these findings, and our other experience of helping to improve the use of appropriate, high quality evidence and analysis in policy making by the executive and the legislature[7] we make the following points, to inform the Committee's deliberations.

8. In the course of our research on outsiders, we were told by senior outsiders brought on to departmental Management Boards that they were frustrated by the lack of opportunities to contribute formally to strategic thinking and forward policy development, despite their credentials to do so. They reported that strategic discussions happened elsewhere, out of their reach, between ministers and senior officials. This meant that their ability to contribute in this area was confined to informal chances to talk individually with the Permanent Secretary or senior officials.

9. A number of departments have in recent years created board level 'director of strategy' posts, for example, Department of Health, Home Office, DEFRA, Department of Constitutional Affairs. We think it is important to monitor which of these posts has been filled, whether the recruits are outsiders or insiders, and what experiences, positive and negative, those departments and recruits are having in exercising the strategy function effectively. The Committee could ask witnesses more about this.

10. The Professional Skills for Government Programme, devised by a group of permanent secretaries chaired by Sir Richard Mottram, is intended to result in senior civil servants having 'career anchors' in one of three professional categories, the first being most relevant here:

— Policy expert—responsible for the development of high quality, evidence-based policy which can be effectively and efficiently delivered.

— Operational delivery—requiring expertise in customer service, design of services and management of large-scale operations.

[7] We have undertaken work with POST (Parliamentary Office of Science and Technology, NAO (National Audit Office), and central government departments, agencies and NDPBs.

— Corporate services—supporting the organization's business and including finance, human resources, procurement, ICT and communications.

11. However, we question exactly what is meant by this intention to "professionalise" policy making and strategy work. Some of our informants reported that although ministers say they want the skills and expertise that outsiders bring, they and/or their senior officials are not necessarily prepared to grant them the autonomy that they expect. Neither is the common observation that specialists must be either "on tap" or "on top" helpful in our view. Genuine teamwork is more fruitful, where members with different skills, experience and knowledge make complementary contributions. The Committee could ask witnesses more about this.

Parliamentary Scrutiny of Strategy

12. The following comments relate to the Committee's question number 10. At the moment, advice and information to Parliamentarians comes from very many sources, internal and external to Westminster and Whitehall. How then are they to find and use what they need, if they are to exercise a greater role in strategic planning? We mention two relevant pieces of work we have undertaken recently: (i) on the nature and uses of evidence for accountability in the audit, inspection and scrutiny functions of the UK (reported at www.evidencenetwork.org/project08.html); and (ii) with POST (the Parliamentary Office of Science and Technology; unpublished). We studied the way topics are identified and framed for study, and then how evidence is assembled, analysed and presented to Parliamentarians, service providers and users, and other interested parties.

13. Undoubtedly there is scope for greater, and more effective, parliamentary contribution to and scrutiny of governments' strategic thinking and planning. Some ideas that the Committee might like to consider include:

(i) PASC to commission an international study of how parliaments contribute to and scrutinise governments' strategic thinking and planning.

(ii) A committee of Parliament to undertake/commission its own strategy studies and analyses independently of government, and publish reports for debate (thus acting as Parliament's own adviser on strategy in relation to policy, somewhat analogous to POST's independent advice to Parliament on matters of science and technology).

(iii) An expanded role for PASC, working with the Public Accounts Committee, to examine the strategic implications of issues raised in National Audit Office 'value for money' studies.

(iv) The select committees that shadow the main Whitehall departments might routinely scrutinise departments' strategies.

November 2005

Memorandum by David Yaffey and Mike Zeidler of the Association of Sustainability Practitioners

This memorandum responds only to question numbers 1, 2, 3 and 7 of the issues paper. The responses here are deliberately short and uncluttered. The authors are willing to engage in purposeful dialogue about the issues of interest and to provide further commentary on these responses.

1. *What incentives are there for governments to make difficult decisions today in order to avoid problems occurring in the future?*

Essentially there are none. The question presupposes that governments need to be incentivised to manage our future and this assumption needs challenging. If we are to truly tackle the long term issues such as pensions, energy needs and our unsustainable impact on the environment, we need to move beyond incentives and short term political gains. Only commitment to super-ordinate goals will allow the required solutions to be implemented.

What is asked is that politicians work in service of an over arching purpose, with long term thinking and integrated strategies that deliver on large scale and principle-led multiple bottom lines. This scenario involves the laying aside of party political interests and the considerable transcending of personal ego and agenda. While we wait for this transformation, the question asked is only useful as a prompt to the evolution of our political processes. As a need to be met in the near future, the question is irrelevant.

How can governments balance the need to think strategically with the need for flexibility in responding to current and arising problems?

The need for big picture understanding and strategic thinking is increasingly important and urgent. The capacity to respond to immediate problems is an unquestionable given. The two should never be balanced in any kind of compromise however. Both must be developed and maintained, never one sacrificed for the other.

The strategy that meets both needs simultaneously and consistently must be found. This would be a "Third Way" strategy, based in "and logic" and not succumbing to either/or thinking. The strategy we seek will likely involve the development of some kind of forecasting ability that carries the practical application of the big picture work. If we seek to truly understand ourselves as citizens on a great turquoise ball, then the patterns that govern our behaviours will become apparent and we will be able to manage more easily in the present, informed from the future.

We need first to look at what kind of strategic thinking we are doing and within which paradigms are we doing this thinking. It is highly likely that our current and arising problems could never be foreseen from the paradigm within which we seek to solve them. There is a need to understand the evolutionary trajectories of our problems and the nature of thinking that creates them. If you believe that there are one or more issues that might actually lead to a major melt down of the economy, environmental catastrophe or the death of many millions, then evolving our thinking becomes an urgent matter.

How should governments work to identify issues which are likely to cause problems in the future?

Engage with those outside of government who have a non political interest in understanding the evolutionary trajectory of our species. There are numerous agencies which specialise in foresight, scenario planning or mapping complex variables in human affairs.

There is a need for governments to understand more of the future, to have a map of the developmental stages of humankind. This knowledge is essential in providing resources for healthy evolution in the present and for creating conditions suitable for continued health in the future.

It takes considerable courage to entertain the idea that there can be maps of human development. When we examine the patterns of the past and propose a series of principles to manage the future, based upon the deepest possible understanding of human nature, then politicians become responsible for more of the future than they may themselves be able to see. Again, the call is to evolve the complexity of our thinking.

Deeper understanding equips us with a greater range of solutions and earlier warning of problems. Problems will always be with us, we are creating tomorrow's problems with today's decisions, the best we can do is keep pace with their complexity. This involves tracking the trends in human affairs and bringing the smartest minds possible to bear on understanding the systemic unfolding of our life story on this planet. Not to seek solutions once and for all but to better manage the subtle interplay of our thinking and our problems. This is where the real action lies in governmental strategic thinking.

How does one train someone to carry out strategic thinking? Do civil servants get the training they need?

If you are wanting to facilitate the very best strategic thinking possible, there are two approaches that will eventually result in a quality of thinking that is quantifiably different to what may today be described strategic thinking.

One approach is to 'hot house' existing government thinkers and push their thinking to new levels. This will stimulate new ways of thinking in people who are already familiar with available data and policy planning tools. This approach is essentially a focused personal development initiative with participants willing to have old paradigms challenged in order to make mental space for new ones. The design and delivery of this work needs to be done by specialists skilled in managing personal transformation. The principles that guide this kind of work have been emerging for the last decade but those who work with them are unlikely to be recognised in civil service training contexts.

The second approach is to recruit into the government's think tanks the best that can be found in other domains. Again, the process needs to be lead by specialists according to a set of guiding principles. The risk here is that "more of the same" is unwittingly recruited by people who do not recognise from their paradigm just what is needed to transcend their paradigm. The instructions for getting out of the box are written on the outside of the box!

It is highly unlikely that civil servants receive any kind of training that is more than "one standard deviation away from a well defined mid-line." If you want to develop serious, future-oriented strategic thinking, you must be prepared to develop a suite of programmes that take civil servants beyond their existing curve. The future problems that we are already noticing are not on our present curve, they will never be solved by anyone whose thinking is fully stretched in today's paradigms. Such development programmes are being designed and tested, it would not be a major stretch to pilot a scheme aimed at developing the required capacity.

Finally, to describe a paradox that you may already be aware of: If it were possible that people could visit us from the future, would they have an easy time of getting us to listen?

We hope that you will want to engage with our thinking on these issues and other questions in a similar trend.

28 November 2005

Memorandum by Audrey MacDougall, School of Social and Political Studies, University of Edinburgh

Background

The observations contained in this paper arise from ongoing PhD research into strategy units and strategy development in the UK looking at post devolution developments in Scotland, Wales and Northern Ireland alongside Whitehall. The author is working with prominent academics from the ESRC devolution and constitutional change programme exploring, amongst other issues, the future of the UK civil service. The author has a background in public sector consultancy work and continues to undertake consultancy assignments and to produce commissioned research. During 2000–02, she was employed as a secondee by the Strategy Unit and its predecessor body, the Performance and Innovation Unit where she acted as a project manager on two assignments.

Key Points

- Reaching a shared definition of strategy is important to ensure different parts of government can communicate effectively.
- Changing environmental factors such as: longer-terms in government; the span of government action; the role of the Prime Minister and the advent of devolution all provide incentives to act strategically.
- Openness in problem identification and analysis is vital.
- Obtaining the right balance between the centre and departments is critical to successful strategy development, improved delivery and better co-ordination.
- The civil service does not have a monopoly on strategic thinking but civil servants must be trained in strategic thinking and civil service culture must value strategic skills.
- Outsiders are valuable but accountability must not be compromised.
- There is a role for parliament in strategic thinking.
- Measures of success are under-developed.

Defining and Implementing Strategy—Developing a Shared Understanding

A common definition of strategy across government is essential to develop shared understandings. Strategy can be broadly defined as setting a clear direction for the longer-term, matching resources to the external environment and meeting the requirements of stakeholders[8]. It is more than the production of a simple list of actions or a one-off policy prescription.

The Strategy Unit[9] comments that the best strategy in government displays:

- clarity of objectives;
- understanding of the environment;
- appreciation of what works in practice;
- creativity and adaptability; and
- co-creation and communication.

This definition indicates the range of knowledge and skills required to successfully develop strategy. This requires the strategist at a minimum to:

- constantly scan the internal and external environment to be aware of changes;
- know about available resources and how they match the environment; and
- monitor the requirements of stakeholders or customers.

The SU's list of attributes for good strategy also highlights an important facet of strategy development; it needs to produce practical recommendations that can be delivered. This is where problems arise. If strategists are divorced from deliverers can strategy be successful?

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[8] Based on Johnson and Scholes (2002).

[9] http://www.strategy.gov.uk/downloads/survivalguide/site/intro/introducing.htm

Incentives for Action

1. *What incentives are there for governments to make difficult decisions today in order to avoid problems occurring in the future?*
2. *How can governments balance the need to think strategically and with the need for flexibility in responding to current and arising problems?*

Government struggles with the need to balance short-term political popularity with the requirement for longer-term strategic thinking to predict and plan for problems in the future. There is a balancing act between producing policy to attract and maintain electoral support and taking difficult decisions for long-term gains. This balance will always create tensions in government. However in recent decades, four changes have occurred which provide government with greater incentives to act strategically:

1. The lifespan of governments has lengthened; opening up the possibility of adopted a longer timeframe for strategy development—if difficult decisions are postponed, the government may still be in power when the consequences of postponement become apparent
2. The span of control of government has increased with state involvement in many more aspects of life—without a strategic approach government policy will lack coherence and may give rise to conflicts
3. Electorates are increasingly looking to a presidential model of the role of the Prime Minister and expect their leaders to be able to make difficult decisions—the image of a strong leader able to face up to difficult decisions and present hard solutions is electorally attractive.
4. The development of multi-level governance fragments planning and delivery systems—it increases the complexity of co-ordination and promotes the use of strategy as a co-ordinating mechanism; and it enables responsibility for difficult decisions to be spread.

Acting strategically is not confined to the UK. It is a feature of many Westminster based governments. In Australia, Prime Minster Howard noted that

> *whole-of-government problems and their resolution require a long-term strategic focus, a willingness to develop policy through consultation with the community and a bias towards flexible delivery that meets local needs and conditions*[10].

Within the UK, we see the development of strategy units in the devolved administrations as they recognise the need to get to know their environment and to produce sets of coherent policies.

Balancing strategic thinking with flexibility is a problem faced by many organisations, not just governments. In the business world, companies struggle to maintain "a pace of change . . . responsive to the environment without being disruptive to the organisation"[11]. Without the ability to adapt to change, government will ultimately fail. The answer to this dilemma is the implementation of a twin track approach with part of the organisation focused on delivering the existing strategy and parts developing new strategy.

Balancing the need to think strategically with the ability to be able to react politically is currently achieved by having a separation of duties. In the UK, political advisers typically focus on short-term political management while civil servants or specialist strategy advisers develop strategy. This enables strategy to be developed in a way that is uninterrupted by political crises but also runs the risk of strategy development being marginalised as an intellectual exercise divorced from real-life problems.

Strategy and the Centre

3. *How should governments work to identify issues which are likely to cause problems in the future?*
4. *Is strategic thinking too centralised, or not centralised enough? Should the centre concentrate on providing the training and tools for departments to carry out strategic thinking, or engage in strategic thinking on their behalf?*
5. *Is the departmental structure suitable for strategic policy making?*
6. *Is the relationship between the Strategy Unit and individual departments and policy teams effective?*

There is no one model of strategy making. The model adopted may depend on many factors such as:

- the ideology of the government;
- the style and requirements of the leader;
- the political lifecycle of the government;
- the existing structures and institutions; and
- the resources available in terms of people and skills.

[10] Management Advisory Committee (2004).
[11] Mintzberg (1979).

For example, in the UK, departmental strategy units have been developed while in Scotland and Wales, strategy is centralised. In other countries such as Australia and Canada strategy development is based within Prime Ministerial Office. Keeping this in mind, some general observations can be made on the likely roles of the centre, departments and the linking institutions.

Identifying problem issues

Identifying issues that might arise in the future involves collaborative working across a wide range of individuals as it is unlikely that any one group of people or organisation will be able to develop the full range of scenarios that could be possible. This means moving beyond party and the civil service policy makers to involve others, even those with different political stances. The SU has adopted this approach by involving a wide range of consultees in developing its strategic futures work. A similar approach is being adopted in Scotland where input from outside of government is regarded as important. In Wales, there is less of an overt focus on strategic futures work within the strategic policy unit and possibly more at a political level.

Techniques for identifying potential problems range from comparison to other countries, to expert seminars, to imaginative scenario development based on a range of different assumptions.

There is a need for interaction between political manifestos and strategy statements however the identification of future problem areas is likely to be relatively apolitical in the sense that all political parties may agree on the basic problems facing us, where they disagree is how to handle them. For example, most Western governments are interested in issues of the ageing population, the impact of globalisation and environmental degradation. Hence that part of strategic thinking which involves the identification and analysis of problem issues should be a very public and participative exercise.

The centralisation of strategic thinking

Commentators[12] note the centralisation of institutional resources to support the Prime Minister and to enable him to exercise control. Indeed Turnbull[13] noted that at the beginning of Labour's first term in office,

There was no central strategy capability . . . no effective mechanism to pursue delivery of the government's objectives . . .

Since then, the central capacity supporting the Prime Minister has been developed through the Strategy Unit, the Policy Directorate and the Delivery Unit. However the centre of UK government remains fragmented with strategic capability within No 10 Downing Street, The Treasury and the Cabinet Office. Co-ordination and coherence between these competing is difficult and may lead to different strategic views emerging. More centralisation may be the answer to this problem. For example, during Mulgan's stint as Director of the SU he was also for a time head of policy at No 10 Downing Street. This was an attempt to draw together the work of the policy directorate at No 10 and the SU.

In Scotland a similar centralisation has developed through the establishment of the Office of the Permanent Secretary.

Centralisation may be the answer to two key problems of the UK government.

1. To respond to the difficulties in steering policy caused by devolution downwards to Scotland, Wales, Northern Ireland and the regions, upwards to the EU and outwards to the market. Such devolution creates a need for a centralised steering mechanism to avoid conflict.
2. An attempt to join up government thinking and policymaking. "Some problems are 'too massive and too inadequately understood' to lend themselves to the type of intuitive decision making that has become the hallmark of executive leadership in the neo-liberal era"[14]. Therefore the strengthening of the centre could be a rational response to external factors and the sign of central government asserting its strength.

Government wishes to develop a corporate headquarters model of government with *"the centre becoming smaller, more strategic and more intelligent. Its function is to develop strategy, monitor performance and intervene only when it needs to. It needs to learn fast and exploit the opportunities of the rapidly changing world."*[15] Hence centralisation should not increase but should be used differently. In this context centralisation does not mean command/control or micro-management. Instead it could be the catalyst for developing greater autonomy. By setting broad parameters, diffusing conflict and ensuring the whole is greater than the sum of the parts, the centre may actually free up departments to focus more closely on delivery and may also permit more innovation in matters of delivery.

[12] For example, Rose (2001), Foley (2000), Heffernan (2003) and Turnbull (2000).
[13] Turnbull (2005).
[14] Campbell and Wilson (1995).
[15] Blair (2004).

But some strategy work may need to be undertaken out of the public eye, otherwise it would be practically impossible to have difficult debates under the watchful eye of a media which does not allow for disagreement or for a degree of objective analysis, hence a small strategic capability at the centre can fulfil this role. Therefore maintaining this central strategic capability is important.

The role of departments in strategic thinking

As part of its developing role as a centre of excellence, the SU produced strategy guidelines for use by departments. These guidelines stress that each department should have a strategy in place which describes what it is trying to achieve. This is a relatively recent development in departmental management. Such strategies must also include consideration of resource planning and PSA targets. This is a task that is best undertaken as close as possible to those responsible for delivery. Departments have now developed their own strategy units headed by directors of strategy, a small number of whom have been appointed from outside the civil service. The success of this development is based on the attitude of the relevant Secretary of State and Permanent Secretary to the concept and practice of strategy development. By examining the relative status of the director of strategy, compared to the permanent secretary, the resources allocated to strategy development and the positioning of the strategy development function within the rest of the department, we can draw conclusions about departmental commitment to strategy development and to date it has at times appeared variable. The strategic function within a department must lie at the centre, must be closely linked with resource management and must not be divorced from key policy advisers.

The right balance between centralised and localised strategy development is vital. Departments through their five-year plans and their budget cycles are well placed to develop strategy with appropriate implementation plans in their own area. This should ensure that the agreed strategy is fully implemented. The centre is best placed to:

1. set overall parameters for strategy;
2. co-ordinate departmental strategy activity;
3. draw out synergies and conflicts;
4. undertake initial futures and scoping work; and
5. provide advice, training, guidance and tools.

Co-ordinating the departments

The strategy network and the strategy forum are the main means of formal communication between strategy directors and strategic practitioners in the departments and the SU. Informal links between individuals also exist. The level of interaction is variable depending on the projects being undertaken by the SU and the work programme of the departments. The SU and departments tend to work closely together on specific projects. The nature of the relationship between the SU and the departments while they are preparing departmental strategies is less clear.

Irregular contact also exists between Scotland, Wales, Northern Ireland and Whitehall.

The on-line strategy survival guide provides a common basis for the work undertaken and is used by strategists in Scotland and Wales as well as Whitehall, indicating that it is regarded as valuable. The role of the SU in providing strategic thinking training for senior civil servants also promotes a consistent approach and awareness across government.

THE STRATEGISTS

7. *How does one train someone to carry out strategic thinking? Do civil servants get the training they need?*
8. *What are the most appropriate ways of bringing outsiders into the government's work on forward strategy?*
9. *Is there sufficient scrutiny of government strategy? Should there be more use of peer review and opportunities to challenge the government on its strategic plans?*
10. *Is there a greater role for Parliament in contributing to the strategic planning process?*

Training for strategic thinking

Strategic thinking should be a part of the skillset of all senior managers. Like all managerial and leadership skills, it can be taught but the individual must have some innate ability to become successful. Outside of the civil service, middle and senior managers in the public and the private sector are generally expected to exercise strategic thinking skills through producing strategies and business plans; strategy development is not left entirely to specialist strategists. Business schools are often used by the private sector in particular to develop the strategic thinking capabilities of middle/senior management. Most importantly,

however, the ability to think strategically is a core competency of any senior manager in the private sector and in many parts of the public sector. It is unlikely that an individual would reach a senior position without demonstrating this skill.

In the past, civil servants were more highly valued for their ability to advise Ministers rather than their ability to adopt a strategic approach. The role required a risk adverse approach and encouraged individuals to pass upwards to the highest possible level to obtain decisions. Operating within a bureaucracy tended not to leave room for creativity although the intellectual ability and analytical capacity of the average civil servant was beyond doubt.

The inclusion of strategic thinking in the core skill requirement of senior civil servants highlights its importance. The National School of Government runs a number of courses on strategic thinking, some in conjunction with the SU, for civil servants. This should ensure that civil servants can compete for senior roles requiring strategic skills alongside outsiders who often bring significant strategic management skill and experience gained through business schools and practical experience. However the success of this initiative will depend entirely on the status allocated to strategic thinking skills within the civil service. If they are not regarded as an integral part of policy development, civil servants are unlikely to pay much attention to their development. Training individuals in strategic skills may also be a waste of time unless greater emphasis is placed on teamwork as strategic thinking is not a solitary activity. Some cultural change may be required to enable senior civil servants to think creatively and to take risks. Therefore individual training programmes are not enough unless accompanied by departmental commitment to the introduction of strategic change.

The recently announced departmental capability reviews will look at issues around strategic capabilities and leadership and should identify weaknesses in the current establishment.

Using outsiders

Currently the role of outsiders in developing government strategy is contested and it is clear that some elected members are uncomfortable with what they see as a lack of accountability. However, there is no inherent reason why civil servants hold a monopoly on advice or knowledge as recognised by Turnbull[16]. The complexity of the outside world and the very wide remit of government require the marshalling of extensive information and knowledge from a range of sources. The ability to think strategically and creatively also requires regular stimulus from new ideas and new people. Hence the use of outsiders should improve the strategic process.

The most controversial issue has been the very public yet very secretive role played by the new group of expert strategic advisers, individuals with backgrounds outside of government, in providing strategic advice. The appointment of such individuals is usually a public matter but their role and responsibilities once employed has not always been in the public eye. Expert advisers are generally appointed via invitation[17]. Government has also appointed to senior strategic positions in the civil service individuals from the private sector. The longest serving director of the SU, Mulgan, did not have a civil service background, although he had been a special adviser. The current head of the No 10 Policy Directorate has a private sector background. The role of the Prime Minster in such appointments is visible. While Mulgan was appointed via open competition, the new head of the policy directorate was appointed by negotiation.

Many staff within the SU are from outwith the civil service and are employed on fixed-term contracts. This is judged desirable to bring together a mix of ideas, experiences and skills. This blend appears to work successfully.

Using outsiders is appropriate. Without new people with different perspectives and experiences strategic thinking would be bounded by the civil service worldview. However the process of introducing outsiders could be better managed if they were appointed, possibly on fixed term contracts, following open competition and if they had similar accountability arrangements to their civil service colleagues. In addition the management arrangements around outsiders in terms of who they report to and who monitors their performance could be reviewed.

Scrutinising strategy

The role of parliamentary committees in scrutinising strategy is self-evident. The key dilemma that has faced the committees is a lack of ability to question special or expert advisers. Outsiders in government must be accountable and their work subject to scrutiny by committees in the same way as senior civil servants. (e.g. current situation re Lord Birt is unacceptable). It is time to remove the outdated division between political advisers, expert advisers and senior civil servants.

[16] Turnbull (2005).

[17] An interesting example of a more open approach to recruitment is found in Wales where special advisers are appointed after open competition and a full recruitment process.

The role of the parliament

Parliament may play a significant role in the development of strategy. One example of this is the Committee of the future established by the Finnish parliament in 1993. This cross-party standing committee identifies its role as follows.

> *"It is the duty of parliament to observe the changing world, analyse it, and take a view in good time on how Finnish society and its political actors should respond to the challenges of the future. Democracy cannot be realised simply by accepting changes that have already taken place."*[18]

Closer to home, recent developments in the Scottish Parliament also highlight the role of Parliaments in strategic thinking. The Scottish Parliament has established a Futures Forum, a company owned by the Parliament's corporate body with a board of directors of eight people made up of senior appointees from across civic and political life, including 3 MSPs. The role of the forum is to examine key issues facing Scotland in the future in a spirit of openness and creativity. It aims to involve a wide range of people in its deliberations and to share its findings openly.

This development is not surprising in a world where we:

1. may agree in general terms about the key issues that will affect us in the future;
2. have access to more information than we can easily digest, and no one individual or organisation can see the entire picture;
3. value consultation and openness in political dialogue and expect to be asked our opinions; and
4. may even agree on how to deal with difficult issues more so than in the past due to due to a diminution of the power of political ideology and the rise of a technocratic approach to problem solving.

Evaluating Strategy

11. *Is there a way of assessing whether strategic policymaking has been successful?*
12. *Are there ways to measure the value for money of strategic planning? If so, how does the government fare?*

Evaluating policy-making is notoriously difficult. Ultimately the best measure of success is a sustainable change in outcomes in line with the targets or objectives set. However the causative factors feeding into achieving such change can often be difficult to disentangle. Too often in the past, strategic policymaking was evaluated by the actual production of strategies with appropriate action plans or targets contained therein. However the production of a strategic document is no measure of success. Of more importance is the knowledge gained through following a strategic approach to policymaking and the relationships established between the relevant stakeholders.

By adopting the concepts underlying good strategy such as understanding the external and internal environments, the basis of policy development should be changed with decisions made based on enhanced information. More information may not necessarily lead to better policy but over a period of time, the systematic analysis of information should enhance the ability of strategist to make better policy. By matching objectives to resources, the strategy process should more clearly focus on what is important and what is achievable while also identifying gaps in what can be done due to lack of skill or finance. All things being equal this should improve the quality of policy development.

Value for money concepts of economy, efficiency and effectiveness can be difficult to apply to strategy making as such. The cost of strategy is likely to be dismissed as an expensive overhead however as we cannot provide a counter-factual, the best we can do is to monitor costs and effectiveness by adopting a multi-faceted tool such as the balanced scorecard. The Strategy Unit has, in the past, produced tracker reports which follow the implementation of report recommendations and the impact achieved by this implementation. However, as the case with such reports, it is often difficult to attribute success directly to the actions of the SU. The measure of success currently used by all UK strategy units is the satisfaction of the key stakeholders and project commissioners.

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December 2005

Memorandum by Annette Boaz and William Solesbury, Senior Visiting Research Fellows, Centre for Evidence Based Policy and Practice, Kings College, University of London

1. We submit this brief memorandum to inform the Committee about an international comparative study of Strategy and Politics in which we are participating. This study has been initiated by the Bertelsmann Stiftung, a leading German foundation. It will involve researchers undertaking case studies in Germany, Denmark, the United States and the United Kingdom. We are undertaking the UK case study. Our involvement fits well with the remit of our centre to explore the interaction between evidence, policy and practice.

2. Work on the Strategy and Politics project is only just starting. It is likely that the provisional findings of the UK case study will be available by April 2006. The findings of the whole study, including the international comparison, are unlikely to be available until June 2006. This may or may not fit the Committee's workplan.

3. The study is part of a wider programme of work by the Bertelsmann Stiftung on the reform of political management in Germany. The Strategy and Politics project is focused on the role of strategy in achieving domestic policy reform. The questions it will address in the four case study countries are:

- What does "strategy" mean for politicians and those who advise or seek to influence them?
- What different kinds of strategy exist in politics and public policy?
- How are strategies developed within government? And how are they translated into policies and decisions?
- What are the roles of officials, experts, consultants, think tanks, political parties in strategy making?
- What tools and methods are used to develop and implement strategies?
- How do politicians and others learn about thinking and acting strategically?

The work in our UK case study will be undertaken by a mixture of documentary analysis of strategy statements and interviews with politicians, strategy analysts in departments, political advisers, outside experts and advisers.

November 2005

Further memorandum by Annette Boaz, Senior Research Fellow and William Solesbury, Senior Visiting Research Fellow, Centre for Evidence Based Policy and Practice, King's College London

1. In November 2005 we submitted a brief Memorandum to inform the Committee about an international comparative study of Strategy and Politics in which we were participating. This study was initiated and funded by the Bertelsmann Stiftung, a leading German foundation. A full report will be published before the end of this year. In advance of that, this second Memorandum draws on the results of the study relevant to the issues being addressed in the Committee's inquiry.

2. The study involved researchers undertaking case studies in Germany, Denmark, the United States and the United Kingdom. We have undertaken the UK case study. We have also discussed the results of all four case studies with the other researchers. The study is part of a wider programme of work by the Bertelsmann Stiftung on the reform of political management in Germany. The Strategy and Politics project is focused on the role of strategy in achieving domestic policy reform. The questions it has addressed in the four case study countries are

- What does "strategy" mean for politicians and those who advise or seek to influence them?
- What different kinds of strategy exist in politics and public policy?
- How are strategies developed within government? And how are they translated into policies and decisions?
- What are the roles of officials, experts, consultants, think tanks, political parties in strategy making?

— What tools and methods are used to develop and implement strategies?

— How do politicians and others learn about thinking and acting strategically?

3. Our work on the UK case study was undertaken by a mixture of documentary analysis of strategy statements and 15 confidential interviews with politicians, strategy analysts in departments, political advisers, and outside experts. A similar approach was adopted in the other case studies. The work in the UK was undertaken between March and May 2006. The UK case study focuses exclusively on strategy work in Whitehall.

4. In the rest of the Memorandum we draw on all four case studies to address the main issues in the Committee's Issues and Questions Paper of November 2005. In relation to each issue we present our findings for the UK first, then a brief account of those for the other countries in the study.

Incentives for action

In Whitehall

5. The language of strategy is now pervasive in UK politics, public policy and public management. In the last two years Whitehall has published strategies for sustainable farming and food, the defence industry, waste management, skills, asylum and migration, children and learners among others, and also whole departmental strategies. Whitehall has invested heavily in developing strategic capacity—there is the Prime Minister's Strategy Unit at the centre, strategy units and often Directors of Strategy in most departments. There is a programme of "departmental capability reviews" initiated by Sir Gus O'Donnell that focus on three key areas—leadership, strategy and delivery. And there is a new competence framework for the senior civil service (under the Professional Skills for Government agenda) in which "strategic thinking" is defined as a core skill for policy work. Strategy has also become an important aspect of contemporary political leadership qualities—for example, such arguments were used to favour one or another candidate in the recent Liberal Democrat and Conservative leadership contests.

6. There are reasons for this enthusiasm for strategic work. Our interviewees stressed

— The need for policy to address broad issues that cut across departmental responsibilities and may involve many levels of government;

— The recognition that many current trends have problematic, long term outcomes that require action now—population ageing and climate change were the common examples;

— The influence of a decade of economic stability that has given government the confidence to plan ahead;

— The three successive terms of Labour government that mean they must deal with the consequences of their own policy initiatives.

As well, there has been the transfer into public policy of concepts of strategic management developed in business. But there are important differences between government and business that are relevant to the role of strategy—differences in *purpose* with governments committed to creating public value rather than private profit; in the greater diversity of *resources* that government deploys, including those derived from power as much as those derived from money; and in the greater complexity of the political *environment*, with more stakeholders and especially the electorate and the electoral cycle.

In the other countries

7. The other case studies revealed similar influences at work, but in each case the incentives for strategic thought and action were also strongly influenced by their particular constitutional and political circumstances. Even so,

— the Danish case study reported the adoption of a more strategic approach to government by the Liberal/People's Party coalition that has been in power since 2001 under the leadership of Prime Minister Anders Fogh Rasmussen—and noted the influence on this development of New Labour practice in the UK.

— In Germany, for the last two decades the commitment to forward planning of any kind has been weak; a temporary revival in 1999 with the creation of a department for political analysis in the Chancellery only lasted until 2002.

— In the USA, political strategy making to achieve electoral or legislative outcomes has become powerful in Washington under recent Presidents. The work of Karl Rove, President Bush's Senior Adviser for Strategy, is cited as testament to this.

Strategy and the Centre

In Whitehall

8. Our work identified six processes operating within Whitehall that are characterised by strategic thought and action.

9. Labour came to power in 1997 with a philosophy—essentially a conjunction of market liberalism and social welfare—and a programme of commitments for early action. This was its winning political strategy that has been refined for its two further elections. The Conservative party, after a decade in opposition, is currently actively developing a political strategy under David Cameron.

10. It was a common view among our interviewees, and also among other outside commentators, that it was only in Labour's second term that it really developed a government strategy. The government strategy has been refined and restated on a number of occasions in occasional statements and speeches by the Prime Minister and other senior Ministers. However it has never been presented formally as a national strategy, nor is there any continuing strategy process to support it.

11. In contrast, the Treasury-led biennial Comprehensive Spending Reviews have a clear process, focusing on past performance and future objectives and the resources needed to achieve them. Additionally, a number of topics that transcend the responsibilitie of individual departments are identified for "cross-cutting studies" and these sometimes lead to new policy initiatives.

12. In 2004 most Whitehall departments published five year departmental strategies. This had not been done before. This was in a period when a general election was expected within the next year and the content of the strategies meshed closely with what subsequently appeared in the Labour Party manifesto for the 2005 election. These strategies have not been explicitly reviewed since. However, the Prime Minister meets Ministers from time to time review progress towards departments' strategic objectives. And in May 2006, following a reshuffle of Ministerial responsibilities, the Prime Minister published letters he had sent to his Secretaries of State identifying policy priorities for their departments.

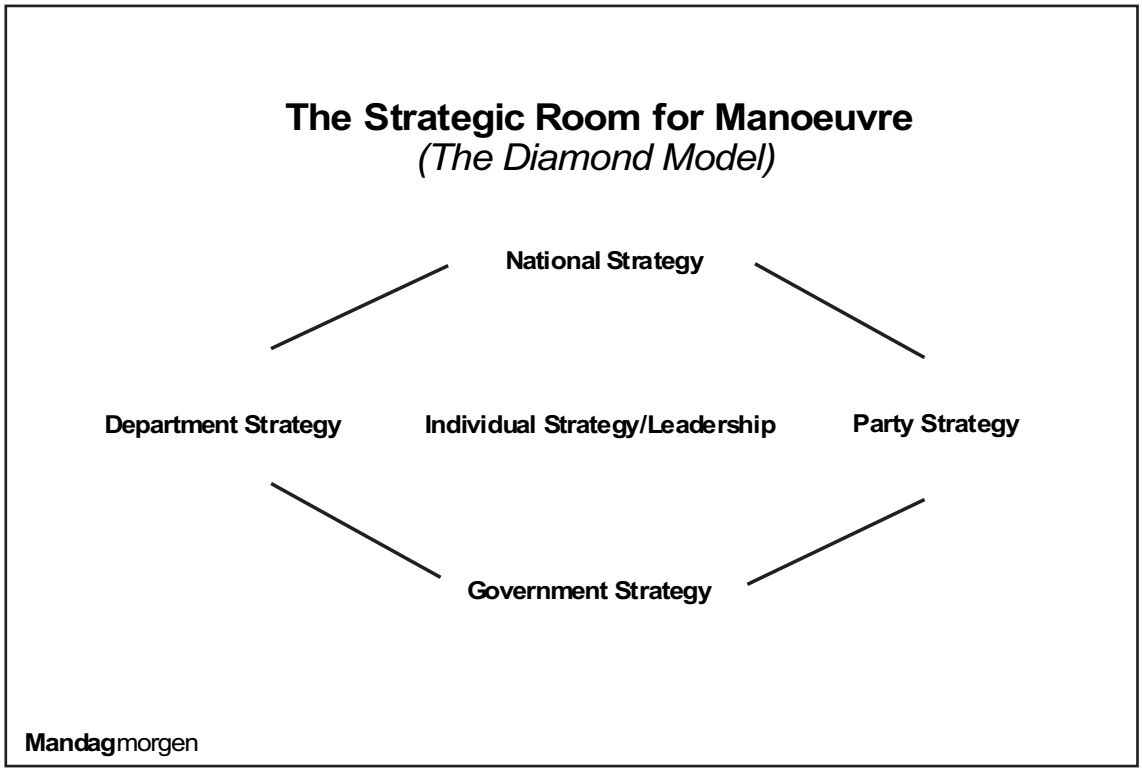
13. From time to time new single issue strategies are developed. Examples are the National Strategy for Neighbourhood Renewal, the Counter-terrorism Strategy, a Five Year Strategy for Children and Learners and the recent Energy Strategy. Such strategies are also prepared for submission to the EU under its Open Method of Coordination (OMC) procedure.

14. And lastly, other strategic analysis work is undertaken without a prior commitment to adoption of a strategy. This may concern societal trends or technological developments intended to provide an understanding of the changing context for policy.

In the other countries

15. The Danish case study researchers devised a "diamond model" for the arenas in which strategic thinking took place in Denmark. This is reproduced below. Each of the case study teams was invited to "map" their national experience using this model. The results were as follows—

- In Denmark all five arenas for strategy development are apparent—a Government Strategy that is designed to express the common position of its coalition members; Party Strategies to seek policy influence or electoral success; a consensual National Strategy developed and promoted by ad hoc, appointed expert commissions; Departmental Strategies of the individual Ministers and Ministries (though these have weakened in competition with Government Strategy in recent years); and the Individual Strategy of the leader(s) of the government coalition.
- In Germany the office of the Chancellor is the only identifiable strategic arena and even there the strategic role operates informally and is constrained by constitutional provisions about the roles of departments, the legislature and the Laender governments.



— In the USA there is a close relation between electoral politics and policy development, such that there are only two arenas of importance for strategy work in the Federal Government: the Party Strategies pursued within or outside the legislature (though the Democrat and Republican parties are far less cohesive or disciplined than European parties) and the Individual Strategy of the President; a minor qualification to this analysis is the existence of the 1993 Government Performance and Results Act directing each government agency to develop a strategic plan and an annual review process, but this has not had much impact.

— In comparison, for Whitehall we concluded that there was no National Strategy separable from the Government Strategy (see paragraph 10 above); that Individual Leadership Strategy was closely aligned with Party Strategy (paragraph 9 above); and that Departmental Strategy was evident in a number of forms (paragraph 11, 12 and 13).

16. These differences are largely explicable in terms of the political context in the four countries, especially the constitutional relations between the executive and the legislature and the prevalence of single party or coalition government. It is noteworthy, in relation to the Committee's inquiry, that in none of these countries is there an explicit role for the legislature in strategy work. Though in the US case there was the 1994 Contract for America programme initiated within Congress by the minority Republicans and later, after they gained control of Congress, to some degree passed into law. It was though a partisan rather than cross-party example of strategy development within the legislature.

The Strategists

In Whitehall

17. Just as there are many kinds of strategy, so there are many kinds of strategist at work in Whitehall and outside. Several of our interviewees commented on how policy analysis generally has been "opened up", so that policy discourse now also embraces parliamentarians, political parties, the media, the think tanks, interest groups and the academy.

18. Most Whitehall departments now have their own strategy units, though they may not all have this name. Just as there is no consistent nomenclature, there is no commonality to their size, structure or role within departments. In most cases, there is a senior Director of Strategy, which may be a sole responsibility or may be combined with responsibility for Resources or for Communication. Some of these people have been recruited from outside the civil service.

19. At the centre of government is the Prime Minister's Strategy Unit located in the Cabinet Office. The Strategy Unit has three declared roles—

— to carry out strategy reviews and provide policy advice in accordance with the Prime Minister's priorities;

— to support government departments in developing effective strategies and policies—including helping them to build their strategic capability (though it has no formal authority over departmental strategy units);

— to identify and effectively disseminate thinking on emerging issues and challenges for the UK Government e.g. through occasional strategy audits.

Their range of outputs includes confidential advice to Ministers, published reports and contributions to policy documents. There seems to have been a recent trend towards more collaborative work between the Unit and Departments with the staff of the former working somewhat as "internal consultants".

20. Strategy units are not necessarily where all internal strategy work gets done. Ad hoc teams may be put together, possibly drawing on strategy unit staff among others. Or political advisers may take the lead on strategy work.

21. Another approach has been for government to commission strategy work externally as independent reviews. A prominent outsider, with relevant experience, is appointed to undertake the review, commonly joined by up to two other experts and provided with a support team of analysts from the civil service. Recent examples are reviews of future housing needs (by Kate Barker, Chief Economist of the Confederation of British Industry), local government finance (Michael Lyons, a former local authority Chief Executive) and pensions (Adair Turner, a former businessman). The review report is usually published and the government responds to its analysis and recommendations, possibly with policy proposals.

22. Similar reviews have occasionally been initiated by organisations outside government. Examples are a recent review of the funding of social care commissioned by a health think tank, the Kings Fund, and another on Life Chances and Child Poverty by the Fabian Society. When such reviews are authoritative enough, then they acquire a status similar to the government commissioned reviews and there may be an equal obligation on the government to respond. Policy analyses undertaken by think tanks may be strategic in character but, while they enter the policy discourse, they only exceptionally secure a direct government response.

23. So the UK now has a "mixed market" of providers of strategic thinking. Often individuals move between the different organisations: for example, Derek Wanless conducted a government review on health service financing before moving to the Kings Fund think tank to conduct their independent review on the funding of social care; and Matthew Taylor, now working as the Prime Minister's Chief Adviser on Political Strategy, was formerly Director of the Institute of Public Policy think tank and before that Assistant General Secretary of the Labour Party. Similarly the tasks can move from one forum to another. An example is pensions: the independent Pensions Institute had researched the topic for some years, then the Prime Minister's Strategy Unit produced a think-piece on pensions that led to the government commissioning the Turner review.

24. Our interviewees saw virtue in this plurality, believing that different kinds of organisation have different strengths and weaknesses for developing strategic approaches. For example, while strategy units are often closer to the policy making process, commissions can be better located to deal with long term or controversial issues where the terms of debate may need to be changed and consensus built:

25. It is often argued that Strategy is a corporate function that all government departments need to strengthen and professionalise—hence the current Whitehall initiatives on competences and capabilities (noted in para 5 above). In his 2004 speech on the civil service, the Prime Minister stated

> "Strategic policy making is a professional discipline in itself involving serious analysis of the current state of affairs, scanning future trends and seeking out developments elsewhere to generate options; and then thinking through rigorously the steps it would take to get from here to there."

But most of our interviewees—those doing strategy as well as those using their work—were sceptical about the professional or disciplinary character of strategy work. Our interviewees' dominant view was that strategy work requires a blend of analytical skill and political awareness. Analytical skills are needed in such tasks as understanding social and technological trends, interpreting data, conducting surveys. Political awareness is necessary to identify stakeholders, explore delivery options and communicate evidence. There was general agreement among interviewees that both are best learned on the job, rather than through formal instruction. And that team working provides the most productive setting for strategy work.

In the other countries

26. Strategists are not evident in such variety in the other case study countries. In all cases there are no equivalents to the Strategy Units in the Cabinet Office and the main Departments of the UK. There are though some unique organisational arrangements.

— In Denmark a succession of national Commissions has been a powerful influence on national strategy: a Structure Commission worked in 2002–03 to develop a new model of the public sector; a Welfare Commission explored from 2003–05 the challenges facing the Danish welfare state; a Globalisation Committee worked in 2005–06 to identify the countries international competitive advantages. In each case, the Commission had broad membership, worked openly and presented recommendations for a government response.

— In the USA lobbyists and think tanks are powerful players influencing policy from outside government—the defeat of the Clinton healthcare reforms and of the George W Bush social security reforms exemplify their power.

— In Germany there is a continuing exchange of information between the planning teams of the government, parliamentary groups and the political parties.

EVALUATING STRATEGY

27. None of the national case studies have systematically analysed particular strategies and their impact over a period of time to assess their impact. The real test of a strategy should be that, through its influence on subsequent detailed decisions, policy outcomes are more successful than otherwise in meeting objectives. Two quotes from our interviewees in the UK express the point well—

"First rate strategy is needed to counter the often febrile character of day to day politics."

"It's the difference between having a map and not having a map."

On the other hand—

"Sticking blindly to a strategy [in the face of events] can be as dangerous as not having one at all."

These contrasting quotes capture the essence of strategy. It is an important preparation for dealing with the future, both its certainties and its uncertainties.

September 2006

Memorandum by OFWAT

1. The Office of Water Services (Ofwat) is the economic regulator for the water and sewerage companies that operate in England and Wales. We exercise our powers in a way that allows the companies to finance and carry out their functions. We set price limits for each of the companies every five years which determine the average increase in charges companies can make to their customers. We last set price limits in December 2004 for the period 2005–10.

2. Ofwat is a non-Ministerial Government Department. At present the duties are held by the Director General of Water Services, but will move to the Water Services Regulation Authority, a Board, from April 2006. Decisions taken by independent regulators are not subject to Ministerial pressures. This helps provide certainty to those regulated and their investors. Delegating decisions to expert bodies provides regulated industries with confidence that decisions will be predictable. Regulators for specific industries gain an understanding of the needs of consumers in the industries they regulate. This needs to be reflected in their decision making, following the general principles for better regulation established by the BRTF: transparency, accountability, consistency, proportionality and targeting.

3. The water and sewerage industry was privatised in 1989. Part of the push for privatisation came from the need, as a result of European Directives, to make significant investment to meet water quality and environmental obligations. Since 1989 the industry has invested more than £50 billion to maintain and improve its infrastructure. Ofwat has a duty to exercise its powers in a way that ensures each company is able (in particular by securing reasonable returns on their capital) to finance the proper carrying out of its functions.

4. In order to make this investment the companies have had to borrow from the financial markets. The cost at which the companies can borrow (the cost of capital) from the financial markets is therefore a highly significant figure for the industry. We have worked hard with the City to explain our decisions in a transparent way and to minimise uncertainty. At each price review we set the cost of capital which is our expectation of what return efficient companies will need to continue to attract finance and provide them with sufficient revenue to meet their dividend payments. Maximising transparency and consistency and minimising those risks which are outside the control of efficient management is an important feature of the way we operate, and it in turn has a beneficial effect on the cost of capital.

5. The riskier the business the higher the cost of capital. Business needs clarity about the rules of engagement with Government, both legislative and regulatory. Where the framework within which it operates is clear it can focus its attention on managing the risks that are within its own sphere of influence and control. Equally financiers can assess the risk element in the cost of capital at a proper level, rather than having to account for unknown and unquantified risks.

6. There is a value in approaching long-term issues by passing the statutory responsibilities to bodies that are focused solely on that industry such as the sectoral economic regulators. It also frees up Government to focus on the more pressing and immediate issues of the day.

7. The Regulatory Policy Institute's recent report "Political and regulatory risk—is it a serious problem; can it be avoided?" may be of interest to the Committee. It concludes that where decisions and investment can be devolved they should be. The key for long-term issues is to take a long-term iterative approach that evolves and adopts best practice over time. The Committee draws attention to the example of climate

change. A long-term sustainable approach building on best information at any given time needs to be taken. With the benefits of hindsight doubtless, in time, actions taken in response to the perceived threats may appear either over-cautious or over-risky.

8. The Government has acknowledged that there are occasions where decisions are best removed from the short-term political arena to avoid the risk—or even the appearance of risk—that long-term issues be settled by reference to short-term political considerations. Economic regulators set up in the 1980s and confirmed in the 1990s are an example of that approach. Thus the water industry needs a long-term perspective and price limits have to be set within at least a twenty-five year time frame. Ofwat is committed to take the "long view" going forward.

9. Many of the issues that are on the Government's agenda are long term, for example climate change, sustainable development, pensions reform. Economic regulators are appointed authorities or individuals who must carry out their functions within a clear context of statute and accountability to Parliament. Their role is strictly limited but, in the right context, offers an effective means of handling long-term issues free from short-term political decision making. Different issues require different approaches and the trick is to find the best match.

December 2005

Memorandum by Accenture

Introduction

1. Accenture welcomes the opportunity provided by the Public Administration Select Committee to comment on the "Governing the Future" inquiry into the place of strategy and planning in government.

2. This inquiry is timely as governments face ever-increasing pressures to improve the quality and cost effectiveness of service delivery. Citizens demand faster, better and more accessible services and evidence that their tax contributions are being put to good use. This pressure comes as many governments are faced with decreasing revenues and are struggling to achieve high performance from often disconnected people, processes and technologies. Accenture is a global consulting organisation dedicated to helping the world's government organisations achieve high performance results that meet the challenges of a rapidly changing environment.

3. This response considers the following areas:

- Approaches to strategy formulation in government;
- Strategy and the centre;
- Capabilities of high performing organisations;
- Involvement of stakeholders;
- Measuring the value of strategy; and
- Accountability, scrutiny and governance.

Approaches to Strategy Formulation in Government

4. Government has taken many steps in recent years to improve the process of strategy making in central government. This has resulted in greater cross-government co-ordination, better focus on outcomes and greater discipline being applied to the formulation and planning process. However, the picture is not yet perfect.

5. Whilst good efforts have been made many strategies still appear to lack a delivery focus, which in turn means outcomes are not always achieved as expected. Some delivery challenges arise because vision and objectives are unclear, some because the strategic design of the delivery strategy is poor and some because execution is weak. Accenture uses the following model to diagnose the source of delivery problems.

6. Too often government moves from the "vision" stage straight to "execution", without first considering the need for a coherent delivery strategy. At the delivery strategy stage, the options and positions that could be adopted should be identified, analysed and appraised in order to generate the optimal delivery model capable of achieving the desired outcomes. This stage includes consideration of both internal factors (eg staff skills, competencies and culture) and external factors (eg partners, macro trends, views of customers). If this stage is missed out, then there is every chance that the efficiency and/or effectiveness of the change initiative will be reduced.

7. The practice and process of refining strategies is not ingrained within public sector organisations to the same extent as the private sector, where market, competition and the threat of substitutes naturally encourages continuous refinement and improvement. The willingness to experiment, the ability to respond speedily, creation of a deep sense of common organisational ownership, the inclusion of dynamic business

modelling (as opposed to static business cases) and making strategies living entities are all critical components to enabling an organisation to deal with the demands of dealing effectively with long term strategic thinking and short term unforeseen events.

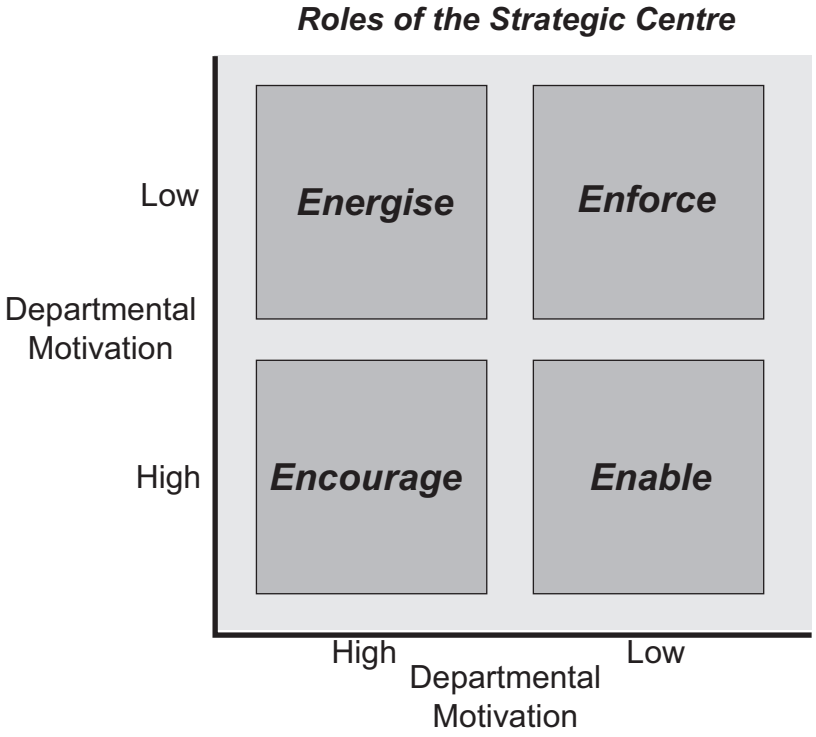
8. To this end, strategy formulation benefits from being more a dynamic, emergent process of continual improvement and refinement, than a formal, static planning process conducted periodically. In order for strategies to become more emergent, there need to be better bridges built between policy and strategy functions (ie the corporate centre), and government delivery mechanisms (eg government agencies, local authorities, NHS Trusts, etc). This is especially true with moves to separate further the function of policy from delivery, with departments taking on more of a strategic HQ remit. As Henry Mintzberg (2005) warns, *"The separation of thinking from acting—formulation done at the top through conscious thought . . . implementation to follow lower down, through action—can render the strategy making process excessively deliberate and so undermine strategic learning."*

9. Dynamic emergent strategy processes can be incentivised via innovative performance management arrangements. This can include the incentivisation of individuals, programmes, and organisations. A recent example involved a new government agency, Partnerships for Schools, set up on a part-commercial footing and incentivised by way of milestone bonus payments. This can encourage an organisation to find innovative ways to overcome strategy execution issues, and engender a learning mindset whereby strategies evolve without losing focus on the desired outputs and outcomes.

10. Efforts should be made therefore is to ensure that emergent learning processes are put in place for all major strategies, to allow lessons to be learned and emerging strategies to be noted in real time rather than waiting for periodic formal reviews (as is often the case). This is particularly important with moves to split further strategy functions from delivery mechanisms.

Strategy and the Centre

11. "The centre" (in reality the Prime Minister's Strategy Unit and the No.10 Policy Directorate) has become more involved in strategy making in recent years. Given this trend, it is worth focusing on the nature of relationships between the centre and significant operating units. There are typically four options for characterising the type of relationships that a strategic centre holds with its customer business groups, as shown below.



12. The role of the strategic centre depends ultimately on the requirement to tackle skill and will issues within its business units. The motivation/capability model could help determine the extent to which direction and support from the centre will be needed by a particular organisation. The higher the motivation/capability combination of a department, the less involved the centre needs to be ("encourage" style relationship). Conversely, the lower the motivation/capability combination, the greater the need for the centre to step in ("enforce" style relationship). We anticipate an enabling role for the centre being the most likely style of relationship, given the strong incentives for high performance in departments but the lack of capability in some cases.

13. Central co-ordination of multi-departmental strategies appears to have been largely successful. To this end, multi-departmental strategies should be centrally co-ordinated where possible. However, to avoid falling into a purely top-down process and to ensure ownership of the resulting strategies by departments, it is important that central bodies (like the Prime Minister's Strategy Unit) focus on co-ordinating the process working closely with the department/s, rather than seeking to drive the process independently. As noted above, the only exception to this is where a department ranks as low on both the motivation and skill axes, which suggests direct intervention would work best. To ensure ongoing buy-in to the resulting strategy, accountability for the strategy should always clearly lie with the department concerned.

14. Strategy development is very much a team effort which draws on the skills from different parts of the organisation. A possible model of strategy development is given below.

The Strategic Apex – Political & Professional Management	**The Line / Operating Core – Policy Groups & Delivery Chain**	**The Technostructure 1 –The Strategy Function**	**The Technostructure 2 – Economics, Research & Other Analysis Functions**
• Makes decisions on **objectives** and **priorities** • Defines how vision is to be translated into a coherent **delivery strategy** • **Oversees** effective **implementation** • **Evaluates strategies and learning** from past performance and delivery	• Ensures delivery chain has regular **input into objective / priority** setting • Provides **information** and **recommendations** to management on **delivery strategy** options • Develops **policies** and **processes** for strategy delivery • Provides **performance measurement** and **feedback**	• **Identifies research** and **analysis** needs • **Assesses delivery options** in terms of cost effectiveness, positioning, systems design and resources / capabilities • Evaluates need for **refining objectives**, **positioning** and / or **delivery**	• Provides **data** and **opportunity / risk assessments** • Produces **evidence** for cost effectiveness assessments • **Records metrics** to support best practice examples • Develops **functional strategies** and **delivery plans** in line with Departmental strategy

15. Most departments now have corporate strategy units, with other strategy roles embedded in local business units. Those departments that have been operating these strategy units for some time have moved from conducting a 'think tank' type operation to becoming more corporately embedded in the fabric of departments. The additional expectation for departments to have someone at Board level with responsibility for strategy has also helped.

Capabilities of High Performing Organisations

16. Based on Accenture's research (2003) into what constitutes a high-performing organisation or business, one capability observed is the ability to manage seemingly paradoxical values—e.g. flexible workforces and employee loyalty, globally-driven change imperatives and the local empowerment of management, or a willingness to enter new markets and highly-disciplined risk management. In addition, they know how to harness technology and make appropriate investments with a focus on long term success—rather than short-term cost reduction.

17. Accenture research (2003) into the performance of US health plan providers between 1990–2003 resulted in five distinct building blocks being observed that were associated directly with high performance. As well as an innate ability to sense key buyer values (equivalent to preferences of end users) and respond to them by making fluid transitions in their business models, high performers were consistently well above average across their key functions, underwriting, claims, customer service, etc. Lower performers, by contrast, always seemed to have one or two functional weak links, such as information technology, that comprised their overall performance (suggesting that government may only be as strong as its weakest link). The fourth building block was the selective use of partners, and the fifth was the strong evidence of high performers living in a balanced scorecard performance culture that was taken seriously at all levels of the company. All of these building blocks pose significant challenges to government organisations if they are to become high performing.

Involvement of Stakeholders

18. Involving stakeholders and citizens in strategy making can be seen as a way of helping mend the "democratic deficit" that has grown between government and the public. "The closer a government is to its citizens, polls show, the more they trust it" (Osborne and Gaebler, 1992). This can help to increase a strategy's legitimacy and chances of successful acceptance.

19. The government's shift from governing to placing greater focus on interactive problem-solving has led to increased efforts by government to consult more on its forward strategy. However, there is a perception that only the "usual suspects" are consulted making the process somewhat myopic in scope. Better efforts are needed to engage a wide range of people in consultations if the value of consultation is to be increased (on both sides).

20. In addition, efforts to consult on a change are often seen as being cynical when that change is seen as going to happen anyway. Therefore, government needs to be clear as to the reason why it is consulting and what it is asking consultees for.

21. Greater use could be made of visual and interactive mediums to help encourage a wider range of people to participate and respond to consultations, not just the usual suspects. And where the government has already made up its mind, the government should be clear that its primary task is to persuade people of its course of action, and to increase the buy-in to its proposals, rather than seek views to change them.

Measuring the Value of Strategy

22. Public value is a term coined to describe the value that is consumed by the public collectively (Moore, 1995; Stewart and Ranson, 1988). Consequently, one of the purposes of public sector strategy can be said to be public value creation. Whilst the pursuit of public value does not constitute an approach to strategy formulation in itself, it does illustrate the growing efforts to try and better define the purpose of public sector organisations and what their strategies aim to achieve.

23. There has been much discussion as to what actually constitutes public value, and also how best to measure it. To this end, Accenture has developed a public sector value (PSV) model[19] which is based on two levers of value: outcomes and cost effectiveness. An increase in either can be constituted as an increase in public value; equally a decrease in either will result in a net loss in public value. The PSV model can be used (and has been by many clients in the UK and Europe already) to assess whether a particular strategy has been successful in delivering the intended value or not. Accenture has undertaken work in applying this model to various parts of the public sector, including education, work and pensions, police and heritage.

Accountability, Scrutiny and Governance

24. Government has moved towards having a more open and transparent style in recent years through legislation such as the Freedom of Information Act. This has in turn allowed for much greater scrutiny of government operations and strategy making. However, there is almost certainly still scope to improve accountability arrangements across government.

25. There may be opportunities for fresh thinking on corporate governance arrangements in the public sector, and to explore the potential relationship between these arrangements and the definition and measurement of public value.

26. Given this, it is reasonable to expect that strategy making in government would benefit from a revision of governance arrangements towards greater use of independent representation and scrutiny, in order that both the accountability for strategy and its effectiveness can be improved. To this end, Accenture is developing a Public Sector Governance Diagnostic Toolkit which enables the identification of the strengths and weaknesses of corporate governance arrangements, particularly of boards in public sector organisations.

27. The complexity and variety of public sector governance arrangements do not allow for simplistic solutions, but must be adjusted to the specific circumstances of the organisation in question (eg additional accountability to regulators, or two-tier board structure with reporting into further departmental boards).

28. In terms of Parliament's role in examining the work of government and holding the Executive to account, this should include scrutiny of all key government strategies.

December 2005

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[19] A US patent is pending for the Accenture Public Sector Value (PSV) model. For further information please contact greg.wilkinson@accenture.com

Memorandum by CABE

1. CABE (the Commission for Architecture and the Built Environment) is the government's advisor on architecture, urban design and public spaces. It is an Executive Non-Departmental Public Body, funded by both the Department for Culture, Media and Sport (DCMS) and the Office of the Deputy Prime Minister (ODPM).

What incentives are there for the Government to solve long term problems that require immediate, but often unpalatable, decisions?

2. Long term thinking is a fundamental aspect of CABE's work. Creating valuable buildings and public spaces is a lengthy process, involving vision, planning and lifetime cost thinking. At CABE, we consider 10 years to be the short term, 30 years to be the medium term, and 100 years to constitute the long term.

3. It is particularly important to recognise the long term legacy of current developments. As CABE chair John Sorrell points out in the current issue of Prospect, "Britain is building on a scale that hasn't been seen for 50 years and in all likelihood won't be seen for another 50 . . . this building programme is a once in a lifetime opportunity to transform Britain."

4. CABE believes that well designed homes, streets, parks, work-places, schools and hospitals are the right of everyone. Good design is a necessity, not a luxury, and investment in excellent design will pay back many times over through a more productive workforce, more contented customers and a healthier social return.

5. Good design promotes value for money by reducing the lifetime costs of buildings and improving their performance, as well as attracting investors and visitors. Badly designed schools and hospitals may meet an immediate need for increased capacity, but will cost more in the long run: they are expensive to run, unsustainable, and hard to maintain—and they hinder educational achievement and patient recovery time.

6. Early and consistent investment in design both minimises costs and realises benefits. It can help to restore community identity and civic pride, as well as helping to reduce crime and anti-social behaviour—but it must be planned for the long term if these benefits are to be enjoyed.

7. We are still rectifying the mistakes of the past, particularly the rushed and poorly designed developments of the postwar building programme which we are having to replace or repair now. Governing for the future means learning from past performance and creating evidence-based solutions for subsequent projects. It means thinking ahead to the new demands that will be made of our built environment, through drivers such as climate change, technological advance and demographic change. And it means confronting problems while there is still time to research the root causes, to gather hard evidence and gain a more thorough understanding of the issues.

8. Our recent Housing Audit reviewing new homes built in the North of England suggests that while there are seeds of hope, the vast majority of new developments are still failing to measure up on design quality. Changing the attitude and approach of developers, clients, government departments and local authorities throughout the country is a long term process and while immediate results may not be that encouraging, continuing government commitment is needed.

9. This process of change can be significantly aided by incentive schemes for those involved in decision making. One current example is Transform South Yorkshire's Delivering Design Quality initiative, which offers practical and financial support to home builders and developers who are committed to improving their design quality standards. The scheme also encourages a better working relationship between Local Authorities and home builders and there is scope for this sort of programme to be extended throughout the country. Performance monitoring targets can also help shift some responsibility from the client to the builder, and ensure that value for money and design quality are achieved. Offering benefits and additional funding to builders who prioritise good design and produce sustainable plans will go a long way towards embedding these habits in future generations.
December 2005

Memorandum by the International Futures Forum[20]

Introduction: Policy-Making in a World we Don't Understand and Can't Control

The International Futures Forum is a non-profit organisation originally established in early 2001 with a generous grant from BP to explore the question: how can we restore effectiveness in action in a complex world that we no longer understand and cannot control? As such, we tend to take a slightly different take on the nature of strategy and planning than most theorists and practitioners, since it is our experience that

[20] For more information see www.internationalfuturesforum.com

most organisations, including governments, base their decision-taking and policy-making on precisely the opposite assumptions. The purpose of this memorandum is to ensure that this alternative view is also considered by the Committee in its inquiry.

Organisations tend to assume that we do understand the world, and that if we don't then further research and data gathering will allow us to do so. And we assume that once we have gained understanding we can devise policy interventions that will have the intended consequential effects and impact. In practice, especially when it comes to tackling the really intractable, complex, looming issues that threaten our longer term interests, neither of these assumptions hold. That is why such issues tend to remain either in the "blue-skies" research category, or in the "too difficult" tray—in either case a long way from effective action. IFF has for five years made the effective tackling of such issues—both with new theory and new practice—its mission.

In pursuit of that mission, and given the interests and background of a number of our core members around the world, IFF have devoted a good deal of attention to government policy-making, strategy and planning in today's world. Most relevant to the Committee's inquiry is the report commissioned in 2004 by the Presiding Officer of the Scottish Parliament, George Reid MSP on how to establish a futures facility in policy-making for the Parliament. IFF have also worked on policy-making and innovation, and on the governance of the long term with Nirex around the issue of the management of radioactive waste. This note offers a number of insights derived from this experience—on which we would be happy to elaborate and expand if there is interest from the Committee.

The Context is Complexity and Overload: Planning as a Neurotic Response

IFF member Maureen O'Hara described the contemporary context for complex policy-making in a recent address to the World Academy of Arts and Sciences conference in Zagreb on the future of knowledge:

> "No matter the issue—global warming, terrorism, famine, avian flu, the nature of love, the location of a housing development, the existence of being after death or care of aged, once you begin to include into your thinking all the information that could potentially illuminate your subject, you find you must look at technology, science, sociology, folk lore, religion, psychology, anthropology, media, personalities, politics, big picture, up close, history, current events, future predictions and so on out into an ever expanding universe of relevance. Before you know it, you are awash in a sea of information where the more you learn the less you understand. And despite the availability of sophisticated data—mining techniques and ever more intelligent search engines, the sheer volume of information—good, bad and ugly—coming at us from everywhere, at accelerating speed, in different languages, epistemologies, assumptive frames—sometimes contradictory, sometimes complementary—means that even if we had the most super-duper pattern-recognizing-mega-computers and data-mining techniques with which to process it, we could no longer hope to separate signal from noise to make the kind of sense we used to refer to as truth.
>
> We experience information overload, yet at the same time there is a widening realization of how much we don't know. We need information to understand our information, we don't agree on priorities, discipline, epistemology, metaphysics, metaphors, values. Is global warming a technical problem, moral problem, or a social psychological problem—or no problem at all—and who decides? How much of the context do we include—too much and the signal disappears, too little and we can't join up the dots—in either case, we miss 9/11, and so on. Just a few years ago, the favourite metaphor for life in the age of hyper-rapid information flow was "white water rafting." Increasingly it is "lost at sea."

We can see that this changed and confusing context is unsettling of old certainties and mindsets. It is also challenging at a psychological level when the frameworks we have grown to rely on no longer seem effective in making sense of our reality. Robert Kegan's 1994 book "*In Over Our Heads: The Mental Demands of Modern Life*" sums up this case nicely. It is not only individuals who are in over their heads. Most traditional organisations seeking to be effective in the face of complex challenges are likewise clearly drowning.

The range of psychological responses to these mental challenges falls into three broad categories: psychotic, neurotic, transformational. One very human reaction is to give up the struggle to make sense of what is going on and to lapse into short term hedonism or longer term despair. This is the psychotic response. Another is to strive mightily to regain the comfort of control by reasserting old truths with more conviction, stressing fundamentals, interpreting complexity in simple terms: this is neurotic denial. But there is also a transformative response, recognising changed circumstances, acknowledging their fundamentally challenging nature and growing with and through them.

In these terms, it is easy to see much strategy and planning as a neurotic response to overwhelming complexity. It is usually based in a paradigm of control and full understanding—even if not on the part of the strategy experts, certainly on the part of the users of their work. If so, it is doomed to failure. Donald Michael pointed to the essential distinction in his classic and prescient book "*On Learning to Plan and Planning to Learn*" (1973). In conditions of uncertainty and complexity we must learn our way into the future.

Yehezkel Dror makes the same point in the report he prepared for the Club of Rome in the late 1990s "*The Capacity to Govern*". The Club of Rome had twenty years earlier systemically mapped the big issues facing the world—the global problematique—and wondered why there had been so little progress in tackling them. The answer was that our systems of governance remain ineffective in the face of difficult challenges. Dror provided a stark analysis:

> "The situation of humanity in the face of global transformations can be summarised in two sentences: Societies are unprepared; Governance is unequipped . . . . In the main contemporary governance is obsolete and unable to deal fittingly with rapidly mutating problems and opportunities".

If we are willing to admit to uncertainty about the future, uncertainty of a greater degree than has been experienced before, then there are plenty of ways to address this in policy processes, organisation and design. Dror, for example, suggests that governance needs to develop:

1. Ability to ponder choices in terms of uncertainty.
2. Tolerance for ambiguity.
3. High-quality professionalism in outlook.
4. Decision methods reducing sensitivity to uncertainty.
5. Propensities for rapid learning.
6. Improved improvisation and crisis decision-making.

But investing in such capacity building requires a prior commitment to effectiveness in the face of uncertainty and complexity. That is something that seems to be draining from our politics as the extent of the challenge becomes clearer. Seen in this light, the agenda of "delivery, delivery, delivery" and "what matters is what works" is in part a retreat from addressing the real complexities we face. When Labour came to power in 1997 there was much talk of the need to tackle the so-called "wicked issues", the really tough challenges of governance. Experience has taught our politicians to tone down these ambitions, promising now only to "do less better".

Yet the challenges remain. Tony Blair's conference speech in October 2001 acknowledged the massive changes happening in the world. He described the paradox of growing individualism coupled with the reality of interdependence. He spoke of the end of "one size fits all public service". He recognised the increased complexity of the operating environment and the changes that it requires. And he declared:

> "We can't make that change by more bureaucracy from the centre, by just flogging the system harder. We need to change the system."

Even so, for the most part we still go on "flogging the system harder"—because that is what we know how to do. We are not willing to face up to the reality of a world of paradox, unpredictability and emergence. I quote from the conclusions of a recent exercise in "whole systems thinking" by senior management in the NHS:

> "I think we have made significant progress in understanding how health and social care function as a system to produce quite unintended results. We are looking forward even more to addressing the issue of how we can bring the system back under control."

A laudable aim, but a futile one. We are more in need of a parallel exercise that considers how to operate when there is no hope of "bringing the system back under control" and indeed when efforts to do so only serve to increase the unintended consequences that are already observed.

This is a big step for policy makers, managers, politicians and others to take when society rewards them for the illusion of certainty and preserving the myth of control. In theory we are prepared to accept new learning about the operation of complex systems, biological and organic models, the phenomenon of emergence. But it will take real courage to put that knowledge into practice—to accept that in complex areas (like health care) our policy decisions will always have the nature of gambles on the future and must always be provisional. More challenging still, especially to traditional notions of accountability, is the logical conclusion that in these conditions even the eventual emergence of desirable end results does not necessarily say anything about the quality of the decision-making that apparently led to them.

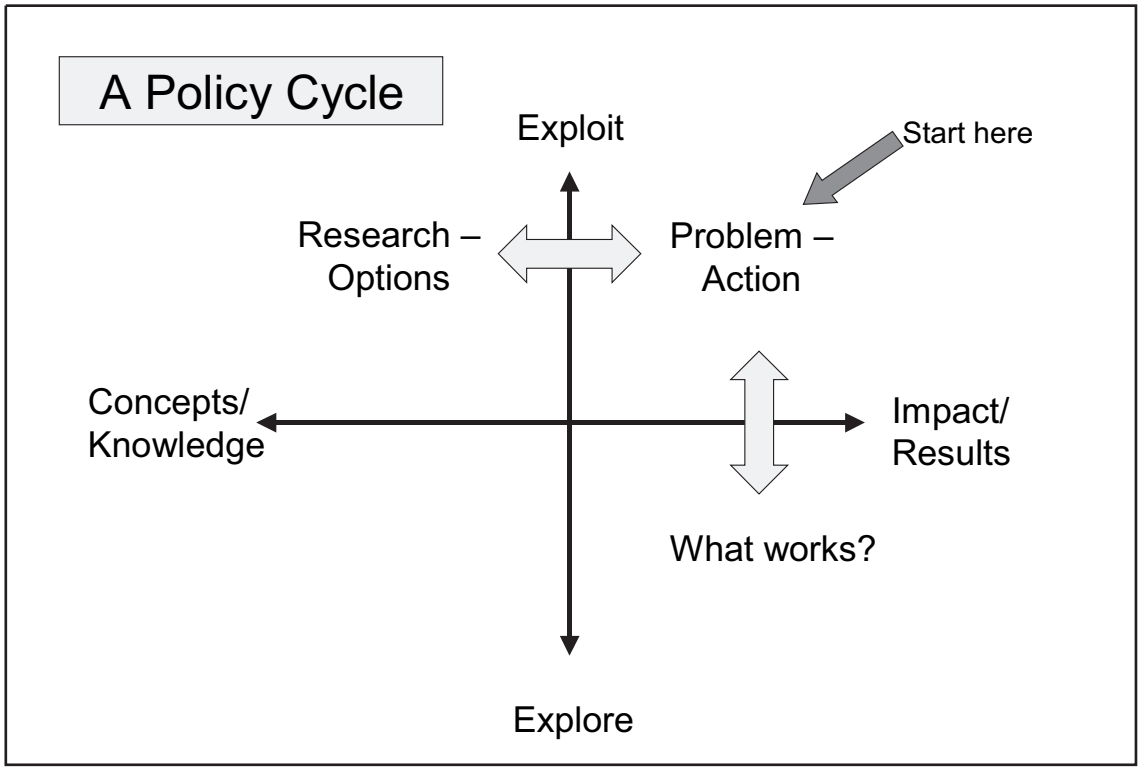
Once we are willing to entertain this view of reality there is plenty of theory, practice and other support to draw upon. In practice we are already doing this implicitly by placing a greater reliance on self-managing processes such as markets. But this does not reduce the need for government itself to become more adept at handling growing complexity. When will we have the courage to start the learning process?

The Extended Policy Process: Reperceiving the Present

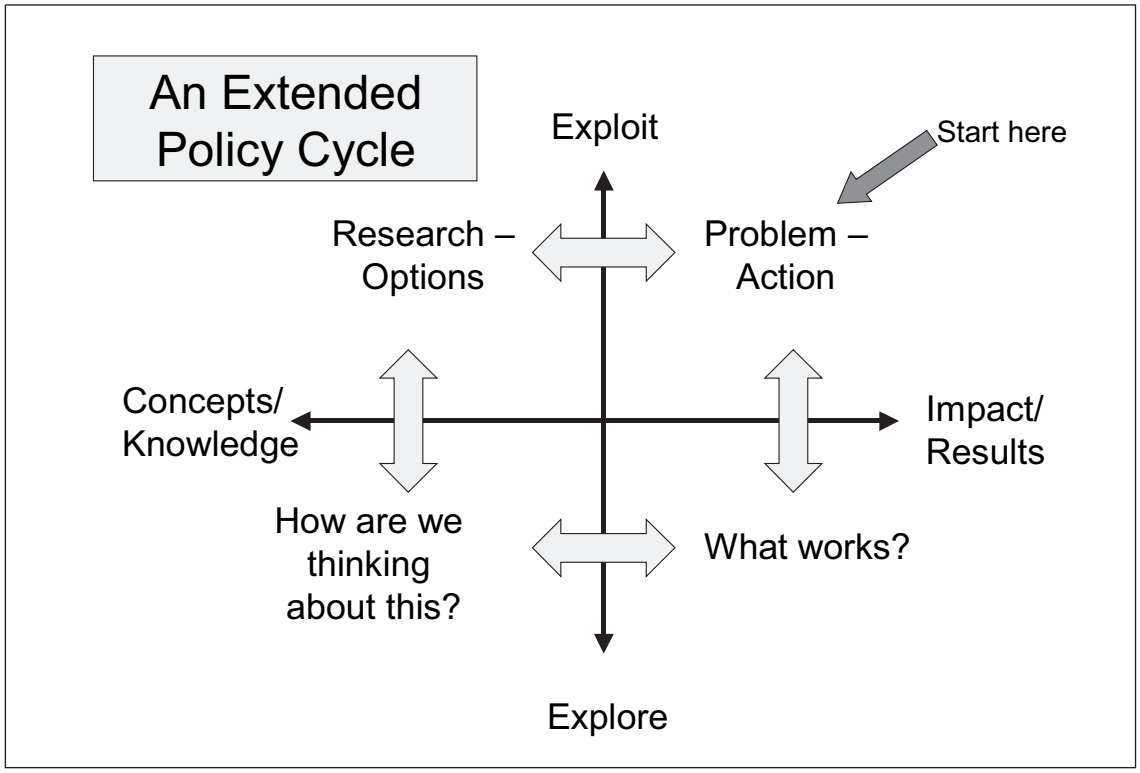
A central insight from acknowledging complexity as the context, and planning to learn as the preferred approach to strategic, long-term policy-making, can be summed up in the following diagrams.

Consider two axes. The first runs from the exploitation of existing knowledge at one end to exploration for new knowledge at the other. A second axis has concepts and ideas at one end of a spectrum with effective action, impact and results at the other. These define a policy-making space.

We always start with a problem or a challenge in the present, one for which we need results. We then tend to search in two directions. We commission some research into theory and data to see whether there might be a theoretical solution that could work for us in practice (exploiting existing theoretical knowledge or data). Or we go out to look for examples of good practice elsewhere that have generated the results we want (exploring for "what works").



In a world we no longer understand and cannot control this kind of policy-making is going to be of limited utility in the face of really difficult problems. But we still move only between the three quadrants identified: looking for better practice, commissioning more research. In effect then, most policy "innovations" are innovations in action based on a relatively unchanging view of the world—an unchanging set of assumptions that frame the problem we are trying to solve, and therefore condition the kinds of practice we look to learn from, and the questions we ask of our researchers.



For some of the most intractable challenges, those that consistently have failed to yield to this approach, this is inadequate. We need to extend the policy process so that we are also ready to explore assumptions about how we are framing the problem. We need to ask "how are we thinking about this?" In a confusing world we are each likely to be thirled to a certain view of the world and how it works, in order to make our own sense. We know this to be so: we talk about a "Treasury view of the world", for example, or a "Foreign Office view". Yet we never acknowledge these different framings in the so-called "joined-up" policy work that takes place in government. A more effective policy-making process for complex, longer-term issues will include regular attention to this question, which requires a deep capacity for self-reflection in the process.

This point is reinforced in the IFF report to the Scottish Parliament on how to establish an effective futures facility for policy-making—a report framed around "Seven Prompts"[21] to the Parliament. The first prompt, pointing to the need to examine how we are thinking about the problem, is "reperceive the present". For we assume that futures work is about the future. But all of the most astute practitioners are clear that the real emphasis is on getting a better sense of what is happening in the present. Scenario planners, for example, look for the small number of "predetermined elements", the forces and trends that are already locked in. These contrast with future uncertainties, of which there are an infinite number. Pierre Wack, the first leader of Shell's scenario team in the early 1970s, described himself as "hunting in a pack of wolves, being the eyes of the pack, and sending signals back to the rest". He was scouting the territory, sensing what lay ahead. But this was not about predicting the future. It was about helping the pack understand the landscape around them, and to come to see where it might lead. Wack came to call scenario planning "the gentle art of reperceiving the present".

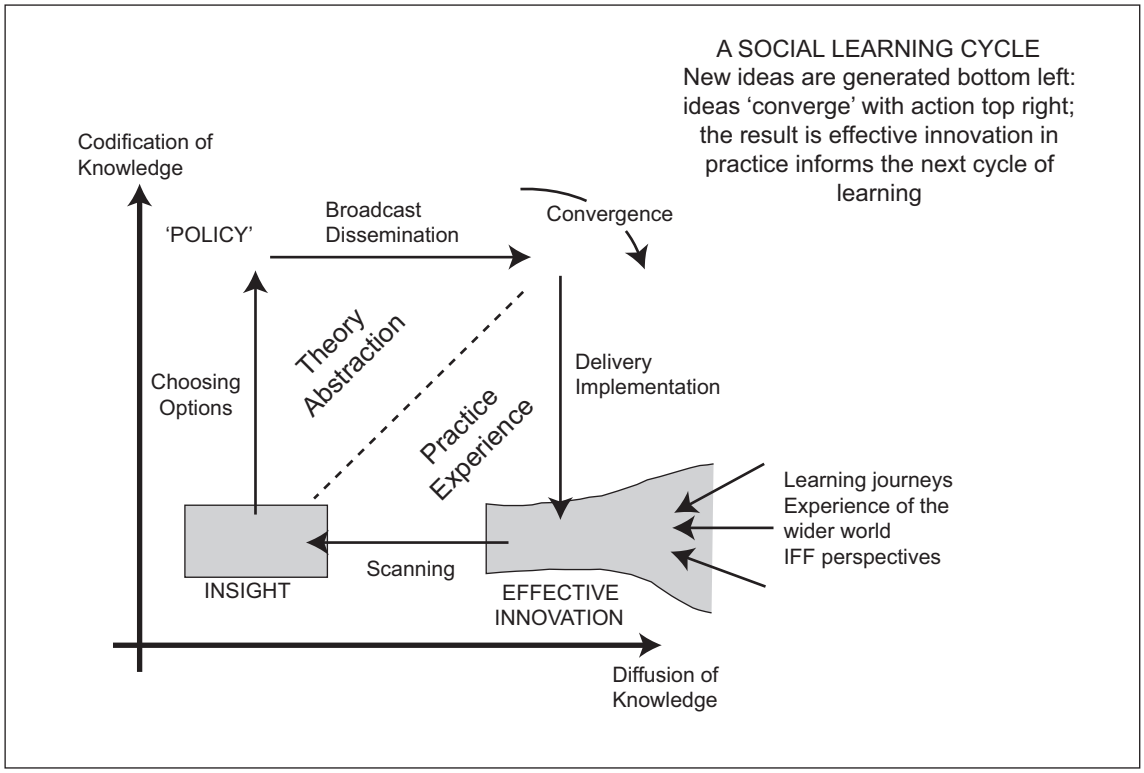
This is a lesson reinforced from many sources. Ruben Nelson, Director of Foresight Canada, writes: "Strategic foresight focuses on context. It looks beyond organisational boundaries and sectoral identities to the changes that are occurring in the global context of our lives and activities. The fundamental assumption is that 'context is king', that when our societal context changes profoundly we either adapt to it or get run over by it . . . and history does not care which option we choose". Hugues de Jouvenel, Director of Futuribles, laments: "We see the present through glasses manufactured in the past. We should see it through the lens of the future".

Ged Davis, former head of the scenario team at Shell and now Director of the Centre for Strategic Insight at the World Economic Forum, echoes the stress on the present. In a recent interview with GBN he said: "I would say that my real interest is in trying to make sense of the world. I've always been a bit uncomfortable with strategic planning. It tends to be a very rational and structured approach. Much more interesting for me is to know the strategic context. If you know it well you are better positioned to make intelligent decisions." He emphasised the same point in talking with me about the Scottish context. "The most important intelligence is contextual intelligence—the intelligence that informs how you position yourself in the environment. You need a set of processes that allow you constantly to reframe your context."

Policy as Learning: Learning Our Way Into the Future

The extended policy cycle is a learning cycle. It contains a continuous interplay between ideas and action, theory and practice. In IFF we characterise this cycle by drawing on the ground-breaking work by IFF member Max Boisot on the political economy of knowledge. See the diagram below. The two axes represent the codification of knowledge and its diffusion. The knowledge cycle generates new ideas at bottom left (not well codified, not widely shared), codifies them, is then able to broadcast and disseminate them to a wider audience, and that knowledge is then translated into action, absorbed into practice. Scanning that new practice, the new features in the landscape, can generate new ideas (bottom left) and so the cycle starts again.

[21] Available for download at http://www.internationalfuturesforum.com/projects.php?id = 11



This is a policy learning cycle. It most commonly breaks down with the difficulty of translating theory or policy or new ideas (the red arrows) into practice (green). By paying attention to the cycle overall, as part of a single process, it is possible to manage this transition more effectively. We call this the 'convergence' of ideas and action.

Typically in complex circumstances there is a mismatch between the way we make sense of the world in context 1 and context 2. Context 1 is the world of policy making, decision taking, priority setting. Context 2 is the world of action and delivery, the "coal face", the "real world". Guided by the learning cycle, it is possible to

(a) bring the context for idea generation and the context for action closer together in order to encourage effective action; and

(b) expand the range of views and perspectives involved in the context for action, in other words get a fuller picture of the "real world" and the way it is moving as the context for action.

We see this attention to the full learning cycle as essential for effective action in the face of complex challenges. Yet it is very often ignored in strategy and planning work that attempts to tackle long-term issues. If we are talking about highly complex, highly distributed, long-term issues like climate change, for example, the tendency is for the context for policy planning (context 1) to move further and further away from the context for local implementation (context 2). The framing of the problem as one concerning the future (rather than reperceiving the present) further increases the distance. Yet to learn our way into the future we must maintain a functioning learning cycle. Hence another prompt to the Scottish Parliament: real learning is the disruptive technology.

New Processes and Languages to Address Complex and Long-Term Issues

We might make one further comment on the predominant thinking styles and thinking medium that we use to make policy in the typical 21st century government. First, we should note that the thinking style is overwhelmingly based on scientific rationalism, fragmentation and specialisation, data and statistics, logic and reason—the triumphant tools of the Enlightenment. Yet in a world no longer susceptible to these tools alone, and especially when we are attempting to make policy for the distant future, we need to draw on other capacities and other forms of knowledge.

The report of the 9/11 Commission in the US published in 2004 points to this need to look beyond traditional thinking styles and to exercise more creativity and imagination:

> "We believe the 9/11 attacks revealed four kinds of failures: in imagination, policy, capabilities, and management. Imagination is not a gift usually associated with bureaucracies. It is therefore crucial to find a way of routinising, even bureaucratising, the exercise of imagination."

To make sense of the confusion around us we need to draw on our full capacities, extending our habits of what counts as 'knowledge'. Our reliance on numbers and objectivity has downplayed other ways of knowing that are more subjective: knowledge gained from experience, from intuition that we cannot justify, from emotional response, from esoteric levels of consciousness, from the science of qualities rather than the science of quantities. The aesthetic arts, poetry, music, are powerful forms for generating and communicating knowledge, including conceptual knowledge and insight. We once knew this instinctively—we have forgotten.

We should also pay attention to the medium through which we make and communicate policy. In government the process remains almost exclusively text based. The problem is that this is a limited medium for the communication of difficult, messy, complex and interconnected issues. It is irredeemably linear, takes time to absorb, and plays exclusively to a logico-rational intelligence.

IFF Member Bob Horn of Stanford University[22] has pioneered the use of "visual language" and visual analytics in public policy-making. His work is highly visual, yet highly structured, providing a way of seeing more of the context and the connections surrounding an issue, and of literally getting everyone on the same page. His work is both a means of communication and a medium for "thinking bigger thoughts". IFF have used this medium in tackling such diverse issues as the long term strategy for the management of radioactive waste (for Nirex); suicide prevention (for Fife NHS Board) and the twin issues of climate change and energy security (for the Foreign and Commonwealth Office). An example of a strategy mural, allowing Nirex (in this instance) to consider together a long-range process spanning the history of the nuclear industry, through the 'near present' where most attention is focussed, to the distant future beyond the next ice age is shown below[23].

When we first started to talk with the FCO we were told that Foreign Secretary Jack Straw had himself recently sent back a large pile of written briefing and lamented 'Can't someone give me a diagram?' Unfortunately the answer was no: for we have software and skills within the civil service that is expert at typing texts, and little knowledge or capacity for the excellent graphics packages that now make visual analysis so simple compared with even 10 years ago. We believe the introduction of a capacity for visual analysis within the civil service would go a long way to improving the quality of strategy and planning in government and closing the gap between the way the world is and the way that policy-makers have to construct it in order to make policy.

2 December 2005

Memorandum by the Office of Science and Technology at the Department of Trade and Industry

UK Foresight Programme

1. Foresight, and the Office of Science and Technology (OST) Horizon Scanning Centre aim to provide challenging visions of the future, to ensure effective strategies now. They do this by providing a core of skills in science-based futures projects and unequalled access to leaders in Government, business and science. The current round of Foresight—launched in April 2002—operates through a fluid, rolling programme that looks at 3 or 4 areas at any one time. The starting point for a project area is either: a key issue where science holds the promise of solutions; or, an area of cutting edge science where the potential applications and technologies have yet to be considered and articulated.

2. Between 1994, when the Foresight Programme was first established, and 2001, when it was reviewed, resulting in its current format, the Programme consisted largely of a set of industrial sector panels. These brought together experts from industry, Government and academia to explore opportunities in different sectors of the economy. They considered emerging market and technological opportunities over a 20-year timescale, consequent priorities for research, and other actions needed to exploit them. As Government Department's developed their own strategic capacity in the late 1990s, the work that Foresight had been doing could be taken on by owners within the relevant Departments. The industrial sector work for example, now forms part of the remit of DTI's Innovation Group, and the Technology Strategy Board.

3. Before any proposed topic can be presented to Ministers for their approval and launched as a Foresight project, it must satisfy several criteria—projects must:

- Be future-oriented, and based upon science and technology.
- Not duplicate work taking place elsewhere.
- Have action-oriented outcomes that can be influenced by the work of the project.
- Have buy-in and commitment from all key stakeholders; and
- Involve cross-disciplinary science and technology, and cross-Departmental policy issues.

[22] See www.stanford.edu/⩾rhorn/
[23] Not printed.

4. All projects are overseen by a high-level stakeholder group, comprising senior decision-makers and budget-holders from relevant Departments, Research Councils and other organisations. The group is chaired by a Minister from a Department with lead policy responsibility for the subject under consideration, and is responsible for agreeing an action plan, which is usually published alongside the findings and reports of the project. Projects usually last between 12 and 18 months.

5. The work taking place within a Foresight project can vary considerably, but in general, all projects are likely to produce:

— State of the art reviews of the science in a form intelligible beyond the discipline.
— Visions of the future underpinned by an understanding of the key drivers.
— Consequential actions owned by those capable of implementing them.
— Enduring networks to continue dialogue as the issues evolve.
— Innovation in forms of engagement and communication.

6. There have been eight projects within the current model of the Foresight Programme:

five projects have launched their findings and action plans:

— Cognitive Systems (OST).
— Flood and Coastal Defence (Defra).
— Exploiting the Electromagnetic Spectrum (DTI).
— Cyber Trust and Crime Prevention (Home Office).
— Brain Science, Addiction and Drugs (DH);

and three are in progress at the moment:

— Intelligent Infrastructure Systems (DfT—due to launch January 2006).
— Detection and Identification of Infectious Diseases (Defra—due to launch April 2006).
— Obesity (DH—due to launch Spring 2007).

7. Projects are reviewed by the High Level Stakeholder Group about one year after the launch of findings and action plan, to ensure that there has been significant follow-on activity, and to reassess future direction.

8. Foresight projects are having a clear and significant impact on policy—for example, in discussing the Flood and Coastal Defence project, the sponsor Minister, Elliott Morley stated that "An important area [this project] will feed into my Department's 20-year strategy. Through this, and a number of other channels across Government, the project will leave a lasting impression on the approach we take to flood management in the UK." The one year review confirmed this, and heard of actions from a wide range of stakeholders in the public and private sectors.

9. The Exploiting the Electromagnetic Spectrum project's findings influenced the choice of bids submitted to the DTI Technology Strategy Board, with the November 2004 competition of the Technology Programme supporting:

— Opto-electronics and disruptive electronics: approximately £7 million
— Imaging technologies: approximately £7 million,

and the Engineering and Physical Sciences Research Council has supported over 100 research proposals in the field covered by EEMS in excess of £37 million.

10. The Cyber Trust and Crime Prevention project informed changes in the definition of fraud (Home Office), and the development of the UK Strategy for Information Assurance (Cabinet Office). The Council for Science and Technology also used CTCP outputs in its project on the use of personal datasets across Government (report published November 2005). Scenarios for 2018, developed by the project, have been used to explore the implications of Information and Communications Technologies for future strategy in areas from road user charging to the tracking of criminals.

11. The Brain Science, Addiction and Drugs project produced scenarios for the development of drugs for treating addiction and mental health, and for the use of performance enhancing substances more broadly. The scenarios and the project findings are now being taken forward by the Academy of Medical Sciences at the request of the Department of Health and other interested departments.

12. The programme of projects is currently undergoing an independent evaluation by PREST, University of Manchester. Initial findings include:

— Foresight has directly informed national policies and programmes.
— The use of scientific evidence-based approaches to policy making has been demonstrated and reinforced by the Foresight experience.
— The UK is in the vanguard of developing a new paradigm for this sort of activity.

13. A new short list of potential topics for Foresight projects is being developed through wide consultation for Ministerial approval by the summer of 2006.

14. In its Science and Innovation Investment Framework 2004–14, the Government committed to establishing a Centre of Excellence in Horizon Scanning, to be based in OST's Foresight Directorate. The Centre will publish the results of its first major horizon scans in 2006.

15. The Centre's aims are:

— To inform departmental and cross-departmental decision-making.

— To support horizon scanning carried out by others inside Government.

— To spot the implications of emerging science and technology and enable others to act on them.

January 2006

Memorandum by the National School of Government

1. Question 7 of The Committee's Issues and Questions document asked: "*How does one train someone to carry out strategic thinking? Do civil servants get the training they need?"* This memorandum addresses those questions from the point of view of the National School of Government. It aims to show how we train people to carry out strategic thinking and that the training they need is available to civil servants, alongside that offered by other providers and within government departments themselves.

2. The National School of Government is a leading provider of training and professional development. It aims to help public sector organisations build capacity in good governance and offer more effective, better value services, in partnership with other public service academies, professional institutes, business schools and universities.

3. Strategic thinking is one of the six core skills for members of the Senior Civil Service (SCS) under the Professional Skills for Government (PSG) programme. Strategy, including strategic thinking, is also one of the skills required by the PSG Policy Delivery framework for civil servants just below SCS level.

The elements of strategic thinking

4. Civil servants need to be better able to:

— "*. . . .hold an understanding of the complexity and ambiguity of the real world in one hand while developing a framework for making rational decisions in the other"* (from PM's Strategy Unit Strategy Survival Guide)

— Build awareness and understanding of possible futures so that, during the process of developing and designing policies, they can anticipate and identify need for analysis and evidence; identify and assess potential risks; and define desired outcomes

— Understand the impacts of change arising from strategic decisions on: planning, resource allocation, projects and programmes and the people and processes involved in delivering policies

— Communicate in ways that engage those involved in or affected by the decisions and actions of government

5. Strategic thinking is key to "*a more strategic and innovative approach to policy"* (Prime Minister, February 2004) and to the process of translating government's "*political vision into programmes and actions to deliver "outcomes"—desired changes in the real world"* (Modernising Government White Paper, March 1999). Approaches to strategic thinking are therefore integral to a number of our learning and development activities, particularly those concerning policy-making.

How does the National School train people to carry out strategic thinking?

6. One example of training specifically in this area is our programme on strategic thinking for senior civil servants. This is focused on helping civil servants to make sense of the future. It takes the approach that effective strategic thinking is delivered through the fusion of distinct skills in understanding, decision making, planning and control of delivery. Strategic thinking is of little value until it is translated into effective policy, which is then delivered in the service of citizens. The programme offers an opportunity for people at senior levels to think about the future outside the normal constraints of day to day work. Participants are introduced to a set of highly structured techniques, which are illustrated by examples. They are then encouraged to apply the techniques to their own circumstances. These techniques include identifying the drivers for change; selecting the most important to examine further; trend analysis; forecasting; modelling and scenario building. The linkage with strategic planning is shown by following a case study through from the initial thinking about possible futures to practical issues of resource allocation.

7. We also offer training to help those just below the SCS accept the need for strategic change and improve the impact of their strategic decisions. This provides practice in a number of conventional analytical tools and focuses on the delivery elements of strategic thinking. It includes an investigation of the 'people' aspects

of strategy—methods of strategic communication to empower people and the examination of what can impede process using psychological models. This course is underpinned by a senior speaker willing to share and discuss his/her experience of making strategy work in a real environment.

8. The Strategy Unit has pointed out that strategy work conducted in isolation from those it will impact upon is unlikely to deliver any benefit . . . it is essential that strategy is developed with implementation in mind. We are developing a workshop for senior civil servants which looks at techniques for structuring thinking and for mapping how culture and strategy interact. This includes some case study work, and tips on how to influence strategic change.

9. In its Strategy Survival Guide, the Prime Minister's Strategy Unit encourages a project-based approach to developing strategy and discusses a range of skills and useful tools and approaches that can help foster strategic thinking. These are underpinned by 'in practice' examples from recent strategy work. We use the Guide, as it was intended, as a resource and reference book. Many of the techniques and examples used in our training are from the Survival Guide.

10. In order to ensure that we meet the need for strategic thinking in a wide variety of contexts, we work alongside partners such as the Strategy and Better Regulation Units in the Prime Minister's Delivery Unit and the Foresight Team of the Horizon Scanning Centre in the Office of Science & Technology both to develop our training programmes and to attract more civil servants to attend them.

March 2006

Supplementary memorandum from Sir David King FRS, Chief Scientific Adviser to HM Government and Head of the Office of Science and Innovation

Thank you for your letter of 24 October asking for more information on a number of areas raised during my appearance before the committee. I enclose a response to your further questions.

Machinery of Government

Q. *Your Office and the Foresight Centre are placed in the DTI, whilst the Social Researchers are based in the Treasury and the Strategy Unit is based in the Cabinet Office. Why are parts of the machinery which deal with future thinking across government located in different departments within Whitehall? What arrangements are there to connect them? What value do such connections add to the forward thinking processes?*

As I mentioned in my evidence session, my role is trans-departmental. I have a trans-departmental science and technology team which looks at the science and innovation strategies of each government department, but also looks at issues that run across government departments. Foresight forms part of this group. The OSI is positioned within the Department of Trade and Industry for the historical reason that it emphasises the links between science, innovation and wealth creation. Foresight can benefit from this positioning as it can use the links with OSI to access leaders in government, business and science. There will be rationales for the positioning of cross-cutting groups such as you mention in the Treasury and the Cabinet Office. What is important is how they link together.

The Development of the Foresight Programme

Q. *Does Foresight require a cross-government brief that can only effectively be conducted outside individual departments? If not, what would the impact of the central Foresight Programme be if more individual departmental foresight programmes were established?*

As Foresight almost exclusively deals with issues that are trans-departmental, positioning a project of this type within any department would send messages about the nature of the project that would affect participants' perceptions of that project, whether they were from that department, or from another, or from outside Government. Many departments have futures programmes, not necessarily called Foresight, that operate successfully on issues that fall within their parent department's area of interest. As part of my guidance on the use of scientific evidence in policy making I encourage this, and seek departments assurances through their science and innovation strategies that they carry out their own futures, or horizon scanning work, as well as using what emerges from foresight. I have frequent bilaterals with ministers and officials both with the Treasury and Number 10/Cabinet Office, which ensures that we are all kept up to date.

Foresight projects look deeply into the trans-departmental issues, and from them we have learned much on the process of engagement and working across Government. This expertise has been transferred to the Horizon Scanning Centre; this centre is working across Government to spread this good practice, raise capabilities and join up in those areas that have not been the subject of a Foresight project.

Dissemination of the Work of the Foresight Centre

Q. *How is the knowledge of the Foresight Programme disseminated outside the scientific community, in particular to Parliament and the Cabinet? Is there any reason why Foresight Reports could not be published as Command Papers?*

I have presented on Foresight both to the whole Cabinet and to individual cabinet and other ministers through my regular meetings with secretaries of state and their ministerial colleagues. The Foresight reports are widely disseminated, and are publicly available for download from the Foresight website.

I have also presented the findings of a number of Foresight projects to Parliament, and have placed copies of these reports in the libraries of the House.

The question of publishing Foresight project reports as Command Papers would be for ministers to consider.

Impact and Assessment

Q. *Is any work done within government to check policy against the recommendations of Foresight studies? We understand that an external review was conducted of the Foresight Programme by Manchester Business School. Why was this commissioned? What was its value?*

Foresight develops a number of scenarios or other visions of possible futures. These are indicative of how the world might look in the years ahead, and therefore raise issues that departments and others need to address. In all projects, relevant departments work with the Foresight team to produce an action plan, setting out what they intend to do as a result of the project. For example, at the launch of the most recent project, Detection and Identification of Infectious Diseases, seven departments—Defra, DH, Home Office, MOD, DfT, DfID, and DTI all agreed to consider and review the findings of the project in developing their policy, as well as undertaking more specific actions. The High Level Stakeholder Group for each project is reconvened after about a year to review the actions that have taken place, and a report of this review is prepared and published. A further review is also carried out after three years.

The independent evaluation of the programme of Foresight projects was commissioned in 2005. The aim of this evaluation was to give an external evidence-based view of the programme's impact, cost effectiveness, strengths and areas for improvement. The recommendations made by the evaluation have been addressed in the Government's recently published response.

Future Thinking on a Larger Scale?

Q. *Is there scope to apply Foresight on a larger scale? For example, would it be possible for the Government to produce a document once a Parliament on its views of the future challenges the country faces and the parameters of the Government's possible responses (as happens in Finland)? What would be the advantages and disadvantages? How could this link in to the Foresight Programme and the Strategic Audits conducted by the Strategy Unit?*

The Foresight process is designed to look at specific issues in some detail. It would however be possible to carry out a different process to deliver a review of the strategic challenges for the UK. In fact, Foresight officials provided advice to the Scottish Executive for their forward look. Such a process could feed into the decision on areas for more detailed consideration, whether by individual departments or Foresight, and could be supported by work already taking place in the Horizon Scanning Centre.

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