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Good Government

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The Public Administration Select Committee

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Summary

This report distils much of the Public Administration Select Committee's work over the past decade in seeking to improve the operation of government. The breadth of the Committee's interest in public administration has meant that, over the years, we have examined numerous aspects of Britain's governing practices and structures. Taking stock of our past work, combined with current insights from experts on government and public administration, has allowed us to come to some conclusions about the nature of good government and how to achieve it.

British government is widely perceived to be among the best in the world. As with any government, however, British government has particular strengths and particular weaknesses. In this report, we assess the effectiveness of government in Britain against five requirements that we have identified as prerequisites for good government:

i. **Good people:** government needs to recruit and cultivate the right people so that they are able to deploy their skills and abilities effectively to the work of government. This applies equally to government ministers, civil servants and public servants more generally.

ii. **Good process:** this means ensuring that appropriate structures, systems and procedures are in place for government to run smoothly—whether for the development of sound policies and legislation, successful policy implementation or for competent day-to-day administration of routine government business.

iii. **Good accountability:** adequate arrangements need to exist to ensure that people within government—both elected and appointed—are held to account for their decisions, actions and performance. One important prerequisite for proper accountability is the existence of defined roles and responsibilities so that it is clear who can be held responsible for what.

iv. **Good performance:** effective performance assessment within government helps to identify how well public organisations are meeting their objectives, as well as highlighting where improvements could be made, so that government is better able to work towards its desired outcomes.

v. **Good standards:** high ethical standards in public life are vital to ensuring basic public trust and confidence in governing institutions. Strong ethical regulation and ethical leadership in turn underpin the achievement of high standards.

Government in Britain fulfils many of these conditions for good government, to a lesser or greater extent. There is, however, scope for it to improve. We make a wide variety of recommendations based on the themes emerging from our analysis. These include:

- encouraging a tighter, clearer focus in government, which might for example involve reducing the number of government ministers;

- placing a greater emphasis on ensuring good standards of basic administration than on responding to short-term media and political pressures to take new initiatives or introduce new laws;
- emphasising more strongly in civil service recruitment and promotion processes the need for officials to have relevant operational and delivery skills, without neglecting the key role of providing policy advice;
- decentralising power wherever possible, in order to empower frontline public service workers and citizens and to ensure that decisions are made and functions exercised at the most appropriate level;
- following more thorough and considered processes for making policies and laws, including effective parliamentary pre- and post-legislative scrutiny;
- greater clarity about the respective roles and responsibilities of ministers and civil servants, so that accountability at the highest levels of government is well-defined and understood;
- co-ordinating the work of government so that the right balance is struck between having an effective corporate centre and allowing departments sufficient autonomy to operate successfully;
- establishing an independent body with the powers to assess and promote effective performance in government, ideally by changing the remit and operation of the National Audit Office; and
- fostering strong ethical leadership to promote high standards in public life, as well as transparent, independent and accountable ethical regulation.

Our five requirements for good government point the way towards achieving better government, as well as providing a yardstick for assessing the quality of government. There is much discussion at present about the evolving role of government. In our view, any future government—whether it be "smarter", smaller or more strategic—needs, as a first priority, to ensure that the conditions we have set out have been met. In other words: a smarter state first requires good government.

1 Introduction

1. Good government is the professed aim of all governments. But while everyone can agree that it is a desirable thing, it is much harder to define what good government actually *is* and how to achieve it. The aim of this inquiry, therefore, has been to investigate what good government means in a practical sense, and what it requires, in order to identify and set out some conditions for achieving it.

2. Promoting and encouraging good government has been a concern of this Committee since its inception. Over the past decade, it has looked at many aspects of Britain's governing structures and practices. We believe the time is ripe to take stock of what has emerged from the Committee's various inquiries. As a consequence, this report has a broader evidence base than usual: as well as benefiting from the oral and written evidence we have received, we were also able to draw upon the findings of our previous inquiries and reports. It is also different in that it seeks to derive the conditions for, or principles of, good government, rather than necessarily to recommend specific actions to the government of the day.

3. For this inquiry, our main focus has been on how effective government is at making and implementing policies, and seeing them delivered successfully, as well as how well government is held to account. A key part of this is how well government departments are able to oversee the smooth running of the day-to-day business of government. Accordingly, we took evidence from people who have been centrally involved in the process of government in recent years, as well as several long-time observers of government. Our witnesses included former government ministers, former permanent secretaries and senior civil servants, government watchdogs, former government advisers, academics and commentators, and the then Minister for the Cabinet Office, Rt Hon Liam Byrne MP. In addition, we received written evidence from a wide range of individuals and organisations concerned with good government.

4. Our examination of good government has been especially timely in light of current debate about the appropriate role of the state. The Government's recent statements of the need for a "smaller, stronger state", and a more "strategic" one,[1] indicate an evolution in thinking about the role of government in society and in people's lives, accentuated by the global financial crisis. It is not yet clear what this means. We have reflected on this shift in attitudes towards the role of the state, and what it means in the context of good government. Whatever the size and role of the state, the requirement for good government remains.

How good is British government?

5. The aim of our inquiry has been to consider whether there is a recipe for good government. First, however, we wanted to establish how well British government is regarded. Our consideration of good government does not occur in a vacuum: the practical

1 "Times of change demand change of pace: next steps for public service reform", speech by Liam Byrne to Guardian public services summit, 5 February 2009; Cabinet Office, *Working Together: Public Services on Your Side*, March 2009

value of looking at this topic comes in identifying where British government could improve, so it makes sense to start with an assessment of British government's strengths and weaknesses. We also wanted to put Britain's experience into some sort of comparative perspective, in order to find out how well British government fares against governments elsewhere.

6. We heard a range of views on what British government does well, with a striking degree of consensus on its strengths. The probity, honesty and integrity of government officials was consistently cited as a key virtue of British government.[2] The quality of the policy advice tendered by civil servants was also highly praised, testament to the strong analytical capabilities of British government officials.[3] More broadly, British government was considered to be good in terms of the capacity to take decisive action, particularly in response to crisis situations.[4]

7. There was substantial agreement also about the weaknesses of British government, many of which were familiar to us from our work over the past decade. British government was seen as prone to too much change, driven in large part by media—and ministerial—hunger for new policy initiatives.[5] Our witnesses considered there was still insufficient focus on effective delivery in government, which was partly attributed to a lack of operational skills among civil servants.[6] Another long-standing concern was the overcentralisation of British government, with too much power retained at the centre rather than delegated to local government , frontline public sector workers and citizens.[7] Finally, British government was regarded as poor at learning from past experience, at innovating, and at working in a co-ordinated, "joined-up" manner.[8]

8. Another perspective on what British government does well and not so well is provided by examination of the various international rankings of government performance. The most relevant for our purposes are the World Bank's governance indicators, which comprise six broad measures including "government effectiveness", "regulatory quality" and "voice and accountability". According to the World Bank, Britain generally performs well on these indicators: it is placed in the top 10 per cent of all countries on nearly all of the governance measures.[9]

9. Professor Christopher Hood of Oxford University has conducted a comprehensive analysis of international rankings of government and public service performance. He examined Britain's performance on 14 international indicators of governance (including the World Bank measures) against that of 13 selected comparator countries at similarly advanced stages of economic and political development. Professor Hood found that:

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2 Qq 64, 134, 137, 178, 181, 284, 289

3 Qq 64, 137, 286, 289

4 Qq 67, 289, 359 (although see Q 69 for a dissenting view on British government's ability to deal well with crises)

5 Qq 7, 64, 101, 130, 135, 341

6 Qq 64, 67, 68, 137, 286, 289, 360

7 Qq 64, 127, 257, 258

8 Qq 68, 181, 248, 289, 360

9 Professor Christopher Hood notes that the area in which the UK scores relatively less well is that of perceptions of political stability: Q 240. See also World Bank Institute, "Country Data Report for United Kingdom, 1996–2007", at http://info.worldbank.org/governance/wgi/pdf/c80.pdf.

> …the UK does not come out top in any of these indicators. In the world ranking mostly it is in what you might call the Premier League. If you compare it relative to 13 selected countries, which were basically advanced countries (I put in a number of Asian ones as well as European countries), the modal position is roughly in the middle third of that group. I think that is an indication of how others see us.[10]

10. Overall, then, the conclusion is that **Britain is among the group of highest performing countries in the world when it comes to good government. Within this group of top performers, however, Britain is by no means the leader: its governing performance is roundly average when compared to that of other advanced industrialised nations. Bearing this assessment of British government in mind, we have ourselves sought to identify the most significant conditions for governing success. We have organised our conclusions according to the following five requirements, as we see them, of good government:**

i. **Good people**

ii. **Good process**

iii. **Good accountability**

iv. **Good performance**

v. **Good standards**

11. We derived these criteria for good government after careful evaluation and analysis of the evidence we received during our inquiry. We considered other possible governing requirements—and of course a wider inquiry into the quality of British democracy and its constitutional underpinnings would require a different kind of analysis—but the final selection reflects our judgement of the most significant and prominent themes that emerged in the course of our inquiry. We now examine each of these conditions of good government in turn.

10 Q 238

2 Good people

12. The most basic requirement for any government is ensuring that it has the right people to do its work effectively. This means that government needs to cultivate the right qualities, skills and values among its people. It also means making sure that the structures and systems within which people operate allow them to perform their jobs well, and do not stifle their initiative or their professional autonomy. In this inquiry, we have mainly considered the role of civil servants and government ministers, but the role of public servants involved in frontline service delivery and policy implementation is also crucial.

Matching ministers to the job of government

13. The quality of political leadership exhibited by government ministers is vital to good government. Steve Bundred, head of the Audit Commission, told us that:

> We would absolutely agree with you that leadership really matters, and not just political leadership but managerial leadership. The two have to be working in tandem. You can see that not just in government but in other spheres as well. There are some examples where government has provided real leadership, and that has been evident in the design and implementation subsequently of important political policy priorities and they have been very successful.[11]

14. In previous inquiries, we have been concerned with how best to ensure ministers are equipped and able to lead their departments effectively, given that many politicians come into government without any prior experience relevant to governing such as leading other types of large organisations. In our *Skills for Government* inquiry, for example, we considered ideas such as instituting specific training for ministers. We also highlighted the problem of high ministerial turnover in government posts, which (along with the parallel case of frequent civil servant turnover) can undermine good, consistent government.[12]

Skills for Government[13]

Government does not have to be an entirely HR-free zone. The Prime Minister must bear in mind when managing ministerial moves that these can have a significant effect on Civil Service performance. (Paragraph 139)

Our witnesses made a compelling case for more professional development for ministers. We are heartened that the Government has already accepted this case, and we are pleased to see the efforts being made in this direction by several ministers in conjunction with the National School. (Paragraph 149)

11 Q 201

12 Public Administration Select Committee, Ninth Report of Session 2006–07, *Skills for Government*, HC 93–I, para 136

13 Public Administration Select Committee, Ninth Report of Session 2006–07, *Skills for Government*, HC 93–I

15. During the current inquiry, we delved a little deeper into the role of ministers and how they are appointed, especially in terms of the implications for government more generally. Our key conclusions concern, firstly, the potentially adverse effects of the present system for making ministerial appointments; and, secondly, the scope for ministers to bring or develop skills and expertise relevant to their governmental roles.

Appointment of ministers

16. On the appointment of ministers, the underlying problem seems to be that the system of political reward—the allocation of ministerial roles—is not directly related to an assessment of the actual requirements of government. Appointment to ministerial office is instead used for other purposes, including recognition of political loyalty. This has a number of detrimental effects, such as the high ministerial turnover in post mentioned earlier, as well as a sense that many ministers are not actually performing a useful governmental function. Former Trade Minister Lord (Digby) Jones of Birmingham memorably said to us that the experience of being a minister was "dehumanising and depersonalising".[14] Former Minister Nick Raynsford summed it up in this way:

> I do think, on the political side, we can do a lot more to ensure that ministerial office is treated more in terms of outcomes and less in terms of the success of the individual minister in climbing the greasy pole.[15]

17. Meanwhile, several witnesses questioned the point of having as many ministers as we do now. Former Number 10 adviser Matthew Taylor told us that he thought there should be fewer ministers, and in particular fewer junior ministers.[16] Former BBC Director-General Lord Birt, who also served as a key adviser at Number 10, agreed. He elaborated on the reasoning behind this view:

> Under the present system I think we probably do have too many ministers and having too many ministers undoubtedly leads to the "something must be done" tendency and it certainly leads to, "I need to attract attention because I am keen to have promotion", so a lot of junior ministers are extremely keen when they get into office to find the six sound bites that can get them noticed by the higher-ups in their party over the 12 months that they are likely to be in the position.[17]

18. This led another former Number 10 adviser, Geoff Mulgan, to conclude that an overabundance of ministers can adversely affect good government:

> The UK is a complete outlier in the number of ministers we have, executive ministers, who therefore do have a whole machinery around them and feel the need to make announcements to justify their existence, and generally clog up the effectiveness of government rather than helping it...I think it is very hard to argue

14 Q 283

15 Q 129 (see also Kenneth Clarke's comments at Q 136)

16 Qq 100–101

17 Q 341

> that the current number of ministers is actually functional for good government in any way whatsoever.[18]

19. A similar view was expressed by Jonathan Baume, the General Secretary of the FDA union, which represents senior civil servants:

> The more junior ministers you have—and we have more junior ministers than ever—the more work you have to find for them. There is enough criticism of individual ministers each looking at their own political career and one of the biggest single frustrations about the political process within the civil service is just the number of junior ministers you have and the work projects that have to be then designed and engineered to satisfy their particular interests. Good government would be smaller government at a political level...If you look at the Scottish Government you will find that one of the benefits that came after the change of administration in Scotland was that the Scottish Government shrank the size of the Cabinet...it has led to more streamlined and focused government because you have fewer Cabinet ministers in the Scottish Government.[19]

20. Liam Byrne, the then Cabinet Office Minister, took a contrasting position. He saw no need to reduce the number of ministers, especially since, in his view, moves towards more "strategic" government entailed a continuing need for ministers:

> If you look at the way in which policy is going to be delivered in the future, I think that it will be more important and there will be a bigger role for ministers to actually ensure that delivery-focused innovation and joined-up working are actually happening in practice...There is a risk if you devolve power down through delivery chains—down through schools, down through health, down through the learning and skills councils, down through colleges, down through local authorities, down through the police—actually you do have to make sure that there is a visible hand that is able to join those things up. Local politicians will of course take an important role in that, but Westminster politicians will take an important role in that in the future.[20]

21. While this observation provides a helpful insight into the evolving nature of government that Liam Byrne has proposed, we find it difficult to understand why it is seen to be a political rather than an administrative task to join up the work of government in this way. The explanation provided might equally justify maintaining the current number of top civil servants, rather than preserving the existing ranks of junior ministers. (There might, for example, be "Joining-up Tsars" appointed to co-ordinate this work.) Moreover, the weight of evidence received from our witnesses suggests that a high number of ministers has meant a degree of unnecessary work being undertaken in government and problems in co-ordinating policy initiatives—in turn hindering more focused, effective government. We remain unconvinced that the drive towards a smaller, smarter state should make an exception for the political centre.

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18 Q 103

19 Oral evidence taken before the Public Administration Select Committee on 12 March 2009, Session 2008–09, HC 352–i, Q 61

20 Q 442

22. **The system for making ministerial appointments can work to undermine good government by encouraging behaviour that is focused on short-term political advantage rather than the long-term interests of stable, effective government. Prime Ministers have the formal prerogative to appoint whichever ministers they choose—but decisions about the appointment of ministers need to take account of governing need as well as political reward. Ideally, this would mean the appointment of fewer ministers than is currently the case, especially junior ministers. Another change that would assist good government concerns the behaviour of those individuals appointed as ministers. Ministers will always respond to short-term considerations of media and political impact, but this should not be at the expense of the longer-term outcomes that their policy decisions are attempting to influence or bring about.**

Ministerial expertise

23. There is also an issue about the expertise of ministers: both the existing skills and experience that they bring to the job, and that which they develop during their tenure as ministers. Lord Jones suggested to us that it would make more sense to appoint people—from outside if necessary, as he was—who have substantial experience relevant to their ministerial portfolios.[21] This could be done without permanently inflating the payroll vote by appointing ministers for a time-limited period only, as Matthew Taylor proposed, perhaps to develop and implement a specific project.[22]

24. Ministers do, of course, gain relevant expertise in the course of fulfilling their ministerial duties. This is a key argument for reducing the rapid turnover of ministers, as the former Cabinet minister Rt Hon Peter Lilley told us.[23] Former Number 10 adviser Geoff Mulgan suggested longer tenures for both junior and Cabinet ministers.[24] This would require a rethinking of the current system for appointing (and reshuffling) ministers, as noted above. **Specific training, as we have recommended in the past, can help develop ministerial skills; but what is probably more crucial is leaving ministers in post for longer so that they can cultivate the knowledge and relationships they need in order to govern well. Assuming that the right appointments have been made in the first place, this would help ensure that government develops the ministerial capacity it needs to function effectively.**

Ensuring civil servants can do the job

25. The civil service has, understandably, been central to our examination of good government. We have heard some quite extreme views on the civil service, with Lord Jones expressing perhaps the most striking sentiment:

21 Q 297

22 Q 103

23 Q 137

24 Q 123

> …frankly, the job could be done with half as many, it could be more productive, more efficient, it could deliver a lot more value for money for the taxpayer.[25]

In a similar vein, Zenna Atkins, the Chair of Ofsted, believed that significant parts of the civil service were "broken" and "utterly antiquated";[26] while Sir John Bourn, former Comptroller and Auditor General, said that "the whole culture of the senior civil service needs to be changed".[27]

26. Our view is that this depiction of the civil service is overstated. The bulk of the evidence to this inquiry, and from our past work on the civil service, affirms the long-standing and widely shared belief that the British civil service is full of talented, high-calibre individuals. Lord Jones himself went on to say that he considered the British civil service to be "the best in the world".[28] What is also clear from the evidence we received and from our previous work, however, is that the civil service as a whole needs to be better geared to the demands of modern government.

Skills for Government[29]

The skills required by the Civil Service do not remain static. Changes in emphasis of Government policy, or in methods of public service provision, require civil servants to develop new competences to reflect their shifting roles. (Paragraph 8)

Although this report will look at ways in which performance can, and must, be improved, we should not lose sight of the very many excellent things that are done by excellent people every day. It is a sign of the professionalism of the existing Civil Service that we take so many of these for granted. (Paragraph 11)

27. There are two aspects to ensuring that the civil service can do what is required of it. First, the skill set of the civil service needs to match more closely the realities of governing. Much of the work of modern government involves managing large-scale projects, implementing policies and programmes, and overseeing the delivery of public services. This means that the traditional civil service emphasis on crafting policy and providing advice to ministers—while still essential—needs to be balanced with an equivalent emphasis on operational delivery.

28. The call for greater operational skills has been heard for some time now—so much so that it has become something of a commonplace to talk of the civil service's "delivery focus". To their credit, the most senior levels of the civil service (particularly the Cabinet Secretary, Sir Gus O'Donnell) do appear to understand the need for more delivery-focused government, and have built this into initiatives such as the departmental capability reviews

25 Q 283

26 Q 66; see also "Civil service damned as 'utterly antiquated'", *Observer*, 15 June 2008

27 Q 1; see also "Whitehall urgently needs to reform its culture", *Financial Times*, 14 May 2008

28 Q 284

29 Public Administration Select Committee, Ninth Report of Session 2006–07, *Skills for Government*, HC 93–I

and the Professional Skills for Government programme. Yet there still seem to be blockages that remain in terms of getting the civil service to concentrate on implementation and delivery, as we recognised in our earlier report on *Skills for Government*.[30] Witnesses such as Lord Birt and former permanent secretary Sir Michael Bichard suggested that these blockages derive from the difficulty of changing the traditional culture of the civil service and the qualities it has typically valued.[31] Sir Michael, now the head of the Institute for Government, told us that government needs to show a genuine willingness to prioritise delivery skills:

> I think we still probably do not have enough people with real operational management skills. It is 15, 16 years ago that I suggested that it would be good if we did not even consider people for promotion to the senior civil service unless they had had significant and preferably successful operational management experience. I think if we had done that at the time we would have a very different sort of civil service as we sit here today, so delivery I think is still an issue.[32]

29. There are other actions government could take to demonstrate its seriousness about improving civil servants' delivery orientation and skills. Some, such as former senior civil servant Kate Jenkins, have called for new entrants to have a certain number of years' experience outside government before they join the civil service.[33] **Government needs to do more than pay lip service to the need for civil servants to have a stronger delivery focus. It should actively recruit and promote those with the core operational skills needed to run government—including making sure the right policies and incentives are in place to signal that delivery skills and experience are necessary and core attributes of today's civil servants.**

30. The other part of the equation is the need to address the overall structures within which civil servants operate. As several of our witnesses observed, the systems and prevailing culture of the civil service too often stifle initiative and the ability to get things done. As former senior civil servant Sir Steve Robson put it:

> I do believe that the incentives faced by a lot of people in the public sector are not ones which encourage them to give their best performance. In Al Gore's phrase: these are good people trapped in a bad system.[34]

31. Incentives against innovating and taking risks were cited by many as an example of the general problem with the civil service. We heard that civil servants need to be encouraged to manage risk intelligently, including by taking appropriate risks, and to identify where government could innovate. This would mean a fundamental cultural shift for the civil service, away from a concern with process, caution and "doing it by the book".[35]

30 Public Administration Select Committee, Ninth Report of Session 2006–07, *Skills for Government*, HC 93–I, para 31

31 Qq 332, 342

32 Q 289

33 Q 10

34 Q 73

35 Qq 1, 81, 256, 289

32. The key sticking point is the need to accept that there will inevitably be some failures that result from encouraging civil servants to take more risks and implement innovative solutions.[36] Clearly, in the public sector, there are strong political sanctions against poor judgement of risk; and, conversely, far lower rewards for successful risk taking or innovation. The difficulty for government is therefore how to steer a middle course between encouraging innovation while not incurring unacceptable risk. The National Audit Office noted on this point that there needed to be much stronger leadership within government on this issue:

> Organisations need clear direction from senior management on when it is appropriate to take well measured and mitigated risks. Only 20 per cent of respondents to a survey felt their departments rewarded people for taking well managed risks.[37]

33. It is difficult to talk about such issues in the abstract, particularly those around risk (in part because of the different types of risk that exist within the public sector: for example, the relatively predictable risks associated with implementing a government IT project, as against identifying the risk of harm to particular vulnerable individuals from poorly co-ordinated social services). In general, however, we can say the following. **Government needs to ensure the right incentives, systems and culture exist for civil servants to work at their full potential—including the capacity to assess situations intelligently, and then to respond, innovate and take risks where appropriate to bring about the desired outcomes.**

34. Finally, there is an issue that has arisen recently about shrinking the civil service. The then Cabinet Office Minister Liam Byrne said to us that the civil service has already been reduced by almost 87,000, consonant with the Government's ambition to have the smallest civil service workforce since World War II. His call for a smaller, stronger state strongly suggests that fewer permanent officials (at least those in Whitehall) will be employed by the state in the future. Yet, as we concluded in our report on *Skills for Government*, staffing cuts can often be a false economy:

> In short, cutting headcount does not necessarily help to achieve efficiency at all. It is at best a mechanism for cutting budget; but often administrative costs of departments will go up, because the jobs still have to be done, and end up outsourced at a higher cost than was originally paid.[38]

35. The FDA General Secretary Jonathan Baume made this observation to us about staffing reductions and the size of government:

> …if government is very large, you will need civil servants, but you could have good government and better government and smaller government in the sense of less reach and, as a consequence, you would not need to employ as many civil servants.[39]

36 Q 256

37 Ev 181

38 Public Administration Select Committee, Ninth Report of Session 2006–07, *Skills for Government*, HC 93–I, para 110

39 Oral evidence taken before the Public Administration Select Committee on 12 March 2009, Session 2008–09, HC 352–i, Q 46

36. What is implied in Jonathan Baume's statement is that civil service cuts should not be made in isolation. What is also required is a discussion about the impact that reduced civil servant numbers would have on government's ability to fulfil its existing tasks and activities. **Government needs to be clear that any reduction in civil service numbers needs to go hand in hand with a transparent and informed deliberation about reducing the scope of governmental functions—if that is what is desired. This would help ensure that a "smarter" government is one that is focused on the core functions and priorities that it has identified; in other words, that smarter government is focused government.**

Empowering the frontline

37. Beyond those civil servants based in Whitehall departments, we have also been concerned over the years with the wider public sector: in particular, public service workers at the "frontline" of service delivery and implementation. Britain's tradition of government entails having a strong centre of government. While a strong centre is effective at, for example, mobilising to deal with crisis situations, it can work against giving frontline workers the autonomy they require to perform their roles effectively. As a result, the commonly heard charge is that there is a lack of understanding at the top of departments and at the centre of government about what delivery actually involves, and about the constraints and pressures faced by frontline public sector workers.[40]

38. This analysis has led to calls for greater decentralisation and delegation of powers to the local level. It is a theme we have considered in our previous work, such as during our inquiry into public service targets.

On Target? Government by Measurement[41]

If public services are to improve substantially and sustainably, ministers will have to let the new localism work; at the moment they seem reluctant to do so. Equally, service providers will have to acquire new skills so that ministers—and the public—can safely trust them with new freedoms. (Paragraph 101)

Front line deliverers should therefore be given much more freedom to set their own targets...If service deliverers are directly involved in the setting and measurement of targets, they can discuss with departments what types and amounts of change are realistic within a given time scale. They will therefore be fully committed to the targets, making it much harder for providers that subsequently perform badly to blame either the Government or the statistics that produce evidence of their shortcomings. (Paragraph 104)

40 Public Administration Select Committee, Fifth Report of Session 2002–03, *On Target? Government by Measurement*, HC 62–I, para 33 ff

41 Public Administration Select Committee, Fifth Report of Session 2002–03, *On Target? Government by Measurement*, HC 62–I

39. Several of the witnesses to this inquiry reiterated the desirability of devolving power away from the centre and enhancing the autonomy of frontline workers—most notably, two former Number 10 advisers, Geoff Mulgan and Matthew Taylor:

> We are overcentralised by comparison with almost anywhere else, which means an almost constant problem of competent people having to operate fairly incompetently because they are trying to do too much at the centre and not able to do it.[42] [Geoff Mulgan]

> …by devolving power more to the local level, as Geoff and others have argued, we would have better administration because the administration would be more responsive to local people and local circumstances.[43] [Matthew Taylor]

40. Similarly, the local government expert Tony Travers said:

> …a lot of decisions are made or are forced to be made towards the top of government, which in most rational systems and good government systems would be made further down.[44]

41. The time may well be ripe for real decentralisation of power. Liam Byrne's call for a smarter state involved devolving power to local people and local communities. He set out a vision of a "country of powerful people", in which people would be encouraged to participate in setting local priorities and make decisions about the public services they consume. In relation to frontline public sector workers, Liam Byrne said to us: "…we probably have to look at the balance of civil servants in frontline delivery jobs like the Jobcentre and the balance of jobs at the centre".[45] To this we would add the balance of *powers* between the centre and wider public sector, particularly in terms of the operational autonomy of frontline workers.

42. **We support the Government's stated intention to empower local people and local communities. We believe a smarter state would also involve a real commitment to giving the necessary powers and freedoms to frontline public service workers so that they can do their jobs effectively. Government has a right to define what it expects of public organisations in terms of purpose, but those working in those organisations need the space to decide how best to fulfil that purpose, with audit and inspection to monitor how well it is done. Only unacceptable performance should invite heavier intervention.**

42 Q 64

43 Q 127

44 Q 257

45 Q 417

3 Good process

43. Good process concerns the nuts and bolts of government business. It is about ensuring that the way things are done in government—its systems and structures—work effectively to bring about the desired outcomes. This means having the right procedures in place for good day-to-day administration of the regular business of government. It also covers policy development: making sure that effective processes exist to develop well-considered laws and policies, and then to implement them properly. The Better Government Initiative expresses the need for good process in this way:

> ...better process can help make the likely outcome of policy choices confronting ministers more predictable and therefore increase their ability to select and implement policies that will—and reject those that will not—work.[46]

44. The Parliamentary Ombudsman has a central interest in good process within government, since her office receives complaints about poor administration from citizens when things go wrong. In her view, good administrative process is essential because it often involves the parts of government that people are most likely to come in contact with. Poor or ineffective administrative process can therefore result in a poor service to the citizen, as she observed:

> ...good administration is a critical component of good government and public service delivery and plays an essential part in framing the citizen's knowledge and perception of government in action.[47]

45. Several of our past reports have been concerned with good process in government, in the broadest sense, including procedures for conducting inquiries and for handling complaints.

When Citizens Complain[48]

When citizens complain, they want their concerns to be taken seriously and, where necessary, matters put right. We have looked in this report at how the government could improve how it deals with the complaints it receives about its operations. Complaints systems need to be accessible, understandable and easy for people to navigate. People should get the help they need to access complaints systems, and to take their complaints further if they are unhappy with how their case has been handled. Complainants also need to have confidence that their complaints will be dealt with in a fair and competent manner. (Paragraph 99)

46 Ev 128

47 Ev 216

48 Public Administration Select Committee, Fifth Report of Session 2007–08, *When Citizens Complain*, HC 409

Government by Inquiry[49]

...we believe it should be possible to draw up a set of principles defining good practice for an inquiry. We recommend the following principles as a basis for discussion and an exercise:

Principles of good inquiry practice

Inquiries should:

- Adopt panels as the preferable form as they ensure expertise, provide public reassurance and reinforce independence;
- Have terms of reference which enjoy the widest possible consensus and are subject to a period of appropriate deliberation and discussion;
- Have a presumption of openness;
- Set budget limits, publish costs and explain overruns;
- Set time limits in the original announcement and justify extensions publicly;
- Build in procedural lesson-learning and evaluation of the inquiry process;
- Have rigorous, perhaps parliamentary, audit of recommendations and lessons;
- Test emerging findings and proposals for feasibility and practicality;
- Ensure fairness but minimise the use of counsel for the parties; and
- Ensure access to papers and people by legal/subpoena powers or other informal assurance systems.

(Paragraph 166)

Competent day-to-day administration

46. British government takes a constant battering from the media about its competence at day-to-day administration. In recent years, a string of highly-publicised implementation failures—the most notable including child support arrangements, tax credits, payments to farmers and a host of government IT failures—have combined to cast doubt on the ability of government to implement and administer large schemes. The sense we got from our witnesses, however, was that British government administration is nowhere near as bad as is sometimes made out; it is certainly not "unfit for purpose", in the infamous phrase used about the Home Office by a previous Secretary of State.[50] Much of the blame for the impression of administrative incompetence was attributed to a culture of media coverage that thrives on reporting failure and is uninterested in successes.

47. Yet it is also true that British government has much scope to improve its capacity for operational delivery. We received evidence from the work of bodies like the National Audit Office pointing to the need for government to sharpen up its basic administrative and operational performance.[51] The Audit Commission said in evidence to us that: "...while

49 Public Administration Select Committee, First Report of Session 2004–05, *Government by Inquiry*, HC 51–I

50 See, for example, Q 8

51 Ev 163 ff

many of the preconditions for good government are in place, they are inconsistently applied to policy development and implementation".[52] British government has been especially poor at project and contract management, as Sir John Bourn noted from his long experience of leading the NAO.[53]

48. We observed earlier that effective policy implementation, as well as good everyday administration, requires civil servants to have the necessary operational management skills, particularly those in project and people management, contracting and the use of information technology. Also needed are good procedural requirements to guide civil servants in smooth administrative running. The Ombudsman, for instance, has set out the following six principles of good administration that provide a useful set of criteria for implementation and delivery:

- Getting it right
- Being customer focused
- Being open and accountable
- Acting fairly and proportionately
- Putting things right
- Seeking continuous improvement[54]

49. The work of the NAO and the Audit Commission also provide much helpful guidance on good administrative process, especially in terms of ensuring efficiency and value for money. This part of ensuring good government may seem rather obvious, but is still worth reiterating. **It is important to get the basics of good administration right—not least because this is the main contact that many people have with government. There is still much scope for government to sharpen up its act on many aspects of operational performance, particularly on effective project and people management. In doing so, it should heed the guidance and advice on good administrative process provided by bodies including the Ombudsman, the National Audit Office and the Audit Commission.**

Administering well in a political context

50. One fundamental—and inescapable—complication for public administration is that it takes place in a political environment. We heard much evidence to suggest that political demands can often upset policy implementation and stable day-to-day administration. Too much change was a constant complaint, whether derived from the so-called "initiativitis" stemming from media and ministerial hunger for new initiatives and announcements, or from the frequency of ministerial or civil service reshuffles. The Ombudsman told us how this undermined good administration:

52 Ev 118

53 Q 1

54 Parliamentary and Health Service Ombudsman, *Principles of Good Administration*, February 2009

> …there are a number of things that go on where the political dimension kicks in and is a challenge to good administration…Trying to do things in impossible time scales—to me the political imperative—which means that you do not get your planning and your testing in…The other political dimension, which I think really militates against good government, is what I would call defending the indefensible. Over the years, I have seen—as I am sure this Committee has—examples where civil servants are desperately trying to protect their minister. I call it keeping the lid on.[55]

51. Similarly, Kate Jenkins observed that:

> …very often major project failure is a consequence of very, very urgent political pressure to achieve a result and, on the whole, people do not like to say that, but I know of a number of instances where what has actually happened is that a project has not been properly implemented, has not been properly tested and has not been properly financed because the political pressure to move has overwhelmed the sort of sensible process of getting something up and running properly.[56]

52. What was much less in evidence were suggestions of what to do about this situation. Former permanent secretary Sir Richard Mottram suggested to us that governments should resist the temptation to respond to every demand:

> ...I think that the tempo of politics and the way in which it has been caught up in a sort of, to use the cliché, 24/7 media and so on, the tempo of politics has become faster and there is a lot of nugatory work. Personally, I think governments would be wiser to step back from some of this and actually, on occasion, to have their own pace and to try and lower the temperature.[57]

53. Geoff Mulgan likewise suggested in his book *The Art of Public Strategy* that governments should devote appropriate time and attention to longer-term, strategic considerations. He recommended that political leaders "carve out significant slices for the long term and ensure that some of their staff are entirely insulated from immediate pressures".[58] He went on to propose a "reasonable ratio" for the allocation of time and people as follows: 50 per cent for short-term fire-fighting of day-to-day crises and issues; 30 per cent for medium-term monitoring of existing policies and programmes; and 20 per cent for considering and developing longer-term strategic policies.[59] This conclusion echoes much of what this Committee found during our inquiry into *Governing the Future.*

55 Q 198

56 Q 14

57 Q 7; see also Qq 129, 130

58 Geoff Mulgan, *The Art of Public Strategy: Mobilizing Power and Knowledge for the Common Good* (Oxford, 2009), p 21

59 *Ibid*

Governing the Future[60]

Governments have to find ways to overcome the political and practical difficulties associated with thinking about the future. Successive administrations have increased the capacity of government to undertake strategic thinking, which is now carried out more systematically than ever before. In particular, we commend the work of the Foresight Programme which is recognised as a world leader in its field. (Paragraph 30)

We recommend that the Government builds on the work carried out by the Prime Minister's Strategy Unit and the Foresight Programme and publishes a "Report on the Future" once a Parliament as the basis for parliamentary and public discussion of the key strategic issues facing the country. (Paragraph 95)

54. **By its very nature, public administration exists in a political context, and it would be impossible—as well as undesirable—to remove it from that context. What it might be possible to do, however, is to limit the more harmful effects of the political environment on the administrative functions of government. Curbing the political demand for new initiatives is difficult, since it requires a broader change in the political culture. Less of a fixation on short-term concerns and media coverage, and greater ministerial awareness of the disruption their demands can cause, would be a good start, as would a determination to ensure that there was good basic administration.**

Better policy and law making

55. Good process also applies to the procedures for making policy and passing legislation. Policy making and programme design have flow-on effects to implementation and administration: good policies will therefore be designed with an eye to how they are to be implemented. We heard the frequent complaint, however, that policy and law making are often hurried and slapdash, leading to implementation problems further down the line. The Better Government Initiative made this criticism of the situation:

> We believe it almost self-evident that how new laws and policies are devised, explained and progressed in the United Kingdom is in many respects seriously flawed. Their presentation often lacks clarity and intelligibility. Their outcome is frequently unpredictable, the consequence too often of insufficient preparation within the Executive and then over-rapid parliamentary scrutiny.[61]

56. Compounding the problem is the charge that there are too many new policies and laws being proposed, reducing the ability to scrutinise new measures effectively. Policy proposals are constantly launched in response to the culture of "initiativitis" referred to earlier, and the volume of legislation being passed each parliamentary session means ever-increasing amounts of legislation on the books. We heard from bodies like the Hansard

60 Public Administration Select Committee, Second Report of Session 2006–07, *Governing the Future*, HC 123–I

61 Ev 128

Society that this tendency to issue ever more policies and laws is typically for short-term political gain rather than in the longer-term interests of effective administration:

> There has been a marked increase in the volume and complexity of legislation in recent years, which taxes Parliament's ability to scrutinise it effectively. We have found evidence of a culture within government which inspires the creation of more and more legislation. It has been asserted by a variety of actors engaged in the legislative process—from parliamentarians to pressure groups—that bills are sometimes simply used to "send a signal"; for example, five bills on immigration and asylum were introduced in the space of 10 years. Legislation is also frequently superseded by new bills before being implemented, making it difficult to determine its impact.[62]

57. During this inquiry, we received valuable evidence on improving policy and law making from many experienced observers in this area. The Better Government Initiative (BGI), comprising several former senior civil servants and government advisers, drew on their extensive experience of policy making to suggest a range of measures which would contribute to improved government. One key recommendation was for policy proposals to be as comprehensive and well-thought through as possible. According to the BGI, the policy making process should allow for effective and informed policy deliberation, including through the publication of serious, "unspun" white papers and the provision of draft bills as a matter of course. In particular, the BGI called for standards to be established mandating the thorough preparation of policy or legislative proposals by the executive before such proposals reach the floor of the House of Commons.[63]

58. Meanwhile, the Hansard Society impressed on us the importance of improving parliamentary scrutiny to help ensure that policy and law making processes are sound and robust, citing Robin Cook's dictum that "Good scrutiny makes for good government".[64] This includes good pre-legislative and post-legislative scrutiny, which parliamentary processes must facilitate more effectively than they do at present. In addition, effective scrutiny is clearly not possible if large sections of bills are not properly examined because of programming constraints. Equally important was the point raised by the BGI that there needs to be a more constructive approach on the part of the executive to allowing Parliament to exercise this critical role in policy and law making.[65]

59. Our previous inquiry into *Machinery of Government Changes* illustrates many of these points about the need for appropriate processes in government. In that report, we concluded that the reorganisation of government departments, including the creation of new departments, should be subject to a mechanism to ensure that changes are fully considered before implementation, including the validity of the reasoning behind them. Moreover, the process for making changes to the machinery of government should entail more effective parliamentary oversight and scrutiny.

62 Ev 149

63 Ev 130

64 Ev 147

65 Ev 133 ff

Machinery of Government Changes[66]

We do not have a view on whether some reasons for changing the machinery of government are by their very nature more legitimate than others. We do believe, however, that when significant changes are made, Parliament and the electorate have a right to know the Prime Minister's reasoning, and judge for themselves the validity of those reasons. This is particularly important when there is a risk, as after a general election, that major changes will be rushed through without full consideration. (Paragraph 11)

Parliament should be given the chance to vote on machinery of government changes. We do not believe requiring primary legislation is proportionate; government should not be prevented from acting quickly if it is in the national interest. But nor do we believe that this is incompatible with parliamentary approval of such changes. If government has a sensible and defensible rationale for changes then it should have no reason to be wary of debate. If it does not, then the prospect of debate and division may discourage the change being made. (Paragraph 45)

60. Former Cabinet minister Peter Lilley made an additional number of constructive suggestions to improve policy making when he appeared before us. He believed, for instance, that it should become the norm to trial or pilot policies before full implementation, and that government should make greater efforts to learn from the experience of other countries than it does at present. He recommended that decision makers should routinely have to consider the policy option of doing nothing—apparently dubbed "Lilley's option" by some of his former officials. Finally, he advocated the inclusion of dissenting opinions in the policy advice process:

> ...policy is best developed when there are one or two people involved in the committee within the department who are involved in advising ministers who are against the policy...Things go wrong when everybody—ministers and officials—is convinced that this is the right thing to do and then too few questions are asked about how it is going to work in practice. If you have some grit in the oyster, if you have some people on the committee who say, "Actually, should we be doing this at all, will it really work?" and think of all the negatives, then the policy is likely to come out better.[67]

61. Geoff Mulgan stressed the importance of organising for innovation in government, as part of a process for developing policies that work:

> ...the vice of highly centralised governments is that they innovate on the whole population at once. Rather than doing what we do in science and medicine and so on, where you test things out on a small scale, debug them, learn what works and

66 Public Administration Select Committee, Seventh Report of Session 2006–07, *Machinery of Government Changes*, HC 672

67 Q 137

> what does not and then spread them throughout the system, it is still the case...that within central government there is almost no centre of expertise, protocols, methods of how to do really good innovation in fields like health, education and welfare. I think this is going to be a critical issue for governments in the next 10 or 20 years, and it is particularly vital for highly centralised governments, like the British one, which, as I say, tends to experiment on 60 million people at once, which is an incredibly inefficient way of doing it.[68]

62. The Better Government Initiative also advocated a reinvigoration of Cabinet government. All important decisions would be submitted to Cabinet or Cabinet Committees, and all relevant ministers would be involved in collective consideration of policy matters.[69] The most obvious omission to do so in recent years was, of course, the failure of Cabinet government in relation to the decision to go to war in Iraq. Former Cabinet ministers Rt Hon David Blunkett and Rt Hon Kenneth Clarke concurred with the suggestion to strengthen Cabinet government, with David Blunkett noting:

> If you do not have discussions in Cabinet then you do not have that collective ownership of what is taking place and although this particular Government over the last 11 years has had fewer leaks and fewer disagreements on philosophy and values than just about any other, it actually would be strengthened by much more rigorous debate in Cabinet.[70]

63. Kenneth Clarke suggested to us that there needed to be more formalised processes for collective Cabinet decision making:

> I have so little faith now that prime ministers of any kind with the pressures they are under are always going to operate a system of Cabinet government and that it can just be left to good will…we should have a code approved by Parliament laying down the basic principles that major changes of policy should be introduced by the Cabinet minister responsible who should take them through a process of Cabinet Committee to Cabinet, if necessary, and that there should be accountability to something like the Public Accounts Committee to make sure this collective government is operating.[71]

Policy and decision making processes need the reflect the collective voice of government. An effective Cabinet is a basic building block of good government.

64. The value of collective discussion and involvement in policy making applies more broadly, as well. Too often policy is made without the input of those with a genuine understanding of how policies will be received once implemented. The Ombudsman and Sir John Bourn told us this was particularly the case when it comes to understanding how policies are likely to affect people. Both were scathing about how those responsible for tax credits and payments to farmers had no idea of how people would react to overpayments (in the case of tax credits) or to a lack of payments (in the case of farmers).[72] This echoes a

68 Q 84

69 Ev 134

70 Q 163

71 Q 151

72 Qq 20, 228

finding of our previous work on user involvement in public services, which concluded that involving the people with experience of the policy area (public service users, for example, but also public service workers) would be more likely to result in policies or services that actually meet people's needs.[73]

65. **Processes for preparing and scrutinising policy and legislation should be as thorough and well-informed as possible, in the interests of good government. The policy making process should, for instance, build in the ability to learn from the experience of other countries, results of trialling or piloting of policies, likely impacts on those affected by the policy, and dissenting opinions. Governments should also show greater discipline in relation to the number of policy and legislative proposals they put forward—rather using them to score political points, as is sometimes the case. Reducing the amount of proposed laws and policies in this way would allow more time for proper consideration, and for much better pre-legislative and post-legislative scrutiny.**

73 Public Administration Select Committee, Sixth Report of Session 2007–08, *User Involvement in Public Services*, HC 410

4 Good accountability

66. Good government is accountable government, since all of those involved in the business of government are ultimately acting on behalf of, and in the interests of, the public—and are therefore responsible to that wider public for their actions. Good accountability requires that people within government, whether elected or appointed, are clear about their roles and responsibilities, and that they can be held to account for their actions, decisions and performance. John Stuart Mill recognised the need for such clarity when he declared in *Representative Government* that:

> As a general rule, every executive function, whether superior or subordinate, should be the appointed duty of some given individual. It should be apparent to all the world who did everything, and through whose default anything was left undone. Responsibility is null when nobody knows who is responsible.[74]

67. Fundamental to good governmental accountability is the ability of Parliament to hold executive government effectively to account. This theme has emerged time and again in the Committee's work over the past decade, and we have recommended a wide range of measures to improve parliamentary accountability, including the following:

Taming the Prerogative: Strengthening Ministerial Accountability to Parliament[75]

...the Government should initiate before the end of the current session a public consultation exercise on ministerial prerogative powers. This should contain proposals for legislation to provide greater parliamentary control over all the executive powers enjoyed by ministers under the royal prerogative. This exercise should also include specific proposals for ensuring full parliamentary scrutiny of the following ministerial prerogative actions: decisions on armed conflict; the conclusion and ratification of treaties; the issue and revocation of passports. (Paragraph 60)

Parliamentary Commissions of Inquiry[76]

Our exploration of calls for an inquiry into the Iraq war indicates that there is still a need—unmet since an earlier investigation by this Committee—for Parliament to be able to initiate and conduct inquiries of its own. Inquiries with the imprimatur of Parliament would have the legitimacy to ensure that the Executive could be held to account effectively. Select committees do an excellent job of holding the Government to account in their particular spheres of operation. We believe, however, that there needs to be a broader parliamentary mechanism for establishing inquiries into matters of the highest significance and greatest public concern. We therefore repeat the

74 John Stuart Mill, *Considerations on Representative Government* (1861), chapter 14

75 Public Administration Select Committee, Fourth Report of Session 2003–04, *Taming the Prerogative: Strengthening Ministerial Accountability to Parliament*, HC 422

76 Public Administration Select Committee, Ninth Report of Session 2007–08, *Parliamentary Commissions of Inquiry*, HC 473

recommendation made by our predecessor Committee that Parliament should be able to set up a Parliamentary Commission of Inquiry whenever it wishes to investigate important matters of this nature that involve the scrutiny of government actions. (Paragraph 9)

Parliament and Public Appointments: Pre-appointment Hearings by Select Committees[77]

If they are to proceed, it is not enough that pre-appointment hearings should be proper; they should also add value. The value that committees can add over and above that provided by a rigorous selection process is to expose a candidate to parliamentary and public scrutiny. It follows that hearings should normally apply only to posts for which accountability to Parliament and the public are an important part of the role. A positive outcome of holding pre-appointment hearings for such posts is the likelihood that appointees will perform this accountability function more effectively. (Paragraph 14)

68. In addition, we have often been interested in issues of accountability arising at the highest reaches of government, where these issues have perhaps been starkest: particularly in the relationship between ministers and senior officials. In general, however, clear accountability processes and relationships are needed at all levels of government. Too often there appears to be an accountability vacuum.

Clear and accountable leadership

69. A major theme throughout our inquiry has been the importance of both political and managerial leadership. Strong leadership, in a governing context, requires clarity about the respective roles of ministers and senior officials. The traditional view of the division of responsibilities, as former Inland Revenue Chairman Sir Nicholas Montagu told us during our inquiry into *Politics and Administration*, was basically quite clear:

> In very broad terms the traditional split of responsibilities between Ministerial and Permanent Head is that the Minister sets the policy objectives and parameters within which the Department is to work; and the Permanent Secretary organises the Department and its management processes to see that those objectives are delivered.[78]

Clarity about the different leadership functions of ministers and senior officials can, as a result, ensure that the dictates of good administration and the dictates of good politics can be reconciled.

70. So far, so neat. However, as we discovered during that inquiry, in practice these matters are far from settled. One of the conclusions of our *Politics and Administration* report was that there was no consensus about how ministerial and civil service responsibilities should

77 Public Administration Select Committee, Third Report of Session 2007–08, *Parliament and Public Appointments: Pre-appointment Hearings by Select Committees*, HC 152

78 Public Administration Select Committee, Third Report of Session 2006–07, *Politics and Administration: Ministers and Civil Servants*, HC 122–I, para 37

be divided, and hence no consensus about where accountability should lie.[79] We further concluded that there needed to be a new "public service bargain"—the terms of trade setting out expectations of the respective roles and responsibilities of ministers and civil servants—and that this should be codified in a new governance code:

Politics and Administration[80]

Civil servants have a right to expect clear and consistent political leadership and that programmes will be matched by resources, and a right not to be made public scapegoats when things go wrong for which they are not responsible. For their part, ministers should expect professional and committed service to their governing objectives, along with good advice. (Paragraph 66)

Parliament has a legitimate interest in the quality of the governing process that provides it with its core business. It is essential to get the key governing relationship between ministers and civil servants on to a clearer footing. That is why we propose a new public service bargain, underpinned by a good governance code. (Paragraph 69)

71. Many of the witnesses to this inquiry agreed there still needs to be greater clarity about the relationship between the political and administrative heads of departments. Sir Richard Mottram, who served as permanent secretary at several government departments, made this observation:

> To take a business analogy—and big departments are not businesses, so nobody misunderstand what I am saying—big departments should be run on the principle that the Secretary of State is effectively the executive chairman for strategy and policy and the non-executive chairman for the leadership and management and proper conduct of business of the department, and the Permanent Secretary should be held to account for all of those things.[81]

72. Sir Richard regretted that ministers sometimes took a different view in wanting to take a more hands-on role in running their departments. The former government ministers we heard from, including David Blunkett, agreed that ministers did diverge in terms of how active an interest they took in the day-to-day running of their departments. **Ministers differ as to how directly they involve themselves in operational matters within their departments, and some latitude should be allowed for such difference. We would, however, reiterate the recommendation of our previous inquiry into ministers and civil servants: good government requires clarity about the respective responsibilities of ministers and permanent secretaries, and about who is accountable for what. We still see a need for the "public service bargain" between ministers and civil servants to be set**

79 Public Administration Select Committee, Third Report of Session 2006–07, *Politics and Administration: Ministers and Civil Servants*, HC 122–I, para 39

80 Public Administration Select Committee, Third Report of Session 2006–07, *Politics and Administration: Ministers and Civil Servants*, HC 122–I

81 Q 28

out in a good governance code. This would help ensure government gets the political and administrative leadership it needs.

Effective individual and organisational accountability

73. We have also been concerned with the accountability of individuals within government, as part of our interest in how to combine an independent civil service with effective political accountability for its operation. We considered this issue in our inquiries into *Politics and Administration* and *Skills for Government*:

> *Politics and Administration*[82]
>
> [Ministers] have a right to expect that poor performance will be dealt with effectively, that there is a robust system of performance management, and that civil servants will have the skills and experience to enable them to support ministers efficiently. (Paragraph 66)
>
> *Skills for Government*[83]
>
> There is a clear consensus that the Civil Service is weak in its performance management. We accept that this problem is not unique to the Civil Service. Nonetheless, it is clear that the way poor performance is currently managed is not acceptable. (Paragraph 37)

74. This issue has taken on particular relevance due to the Government's expressed interest in exploring how to improve the accountability of civil servants.[84] It is also a matter that has come up a great deal during our inquiry, especially in the context of how to deal with poorly-performing civil servants; which in turn raises the question of the extent to which individuals should be held directly accountable for their performance. The National Audit Office remarked that:

> Clear personal accountability is as important for individual projects or programmes as for entire organisations. If no single person is accountable, individuals can pass blame to others, with serious consequences for day-to-day management.[85]

75. We heard that dealing effectively with poor individual performance is something the civil service has not traditionally done very well. A range of our witnesses, including Lord Jones and Sir John Bourn, berated the civil service tendency to deal with poor performers

82 Public Administration Select Committee, Third Report of Session 2006–07, *Politics and Administration: Ministers and Civil Servants*, HC 122–I

83 Public Administration Select Committee, Ninth Report of Session 2006–07, *Skills for Government*, HC 93–I

84 "Times of change demand change of pace: next steps for public service reform", speech by Liam Byrne to Guardian public services summit, 5 February 2009

85 Ev 181; see also Q 212

by moving them around departments rather than sacking them.[86] Natalie Ceeney, Chief Executive of the National Archives, expressed a widely held view:

> One observation coming from outside the civil service and from the wider public sector as well is we tolerate performance in the civil service that frankly I do not think other bits of the wider public sector or certainly the private sector would tolerate…If we were stronger in the way we manage people, rewarding the good and putting them in charge of bigger things and equally dealing with people who are not in the right jobs or are not dealing with the right issues, I think it would be better.[87]

76. Another key problem is that individual civil servants are often unclear about what they are personally accountable for, at least according to Zenna Atkins:

> Below a very top level you get very few people who have any sense of what decisions they are actually making...I spoke to the Fast Streamers, and to have any sense that you could do something that was right and you would be able to have some personal ownership is lost because very quickly things get very muddied. I was shocked at that because to promote the best people they have to have a sense of where they have made mistakes, and made genuine mistakes, and learnt from them, and where they have made negligent mistakes which you fire people for.[88]

77. The lack of clarity about personal responsibility means that it is difficult to apportion fairly penalties for individual failure and rewards for individual success. In part this is due to the nature of the public sector, as many policy outcomes are not easy to attribute to the work of individuals (or even of government departments). Professor Steve Kelman of Harvard University's Kennedy School of Government observed:

> In the public sector you are unlikely to give people the kinds of reward for achieving outcomes that you can in the private sector; and because the outcomes are out of their control, that suggests because you cannot give them the upside you should also not be so harsh about their downside.[89]

78. Sir Richard Mottram made a slightly different point about the possible consequences of increasing individuals' personal accountability:

> I quite agree with you that there needs to be a strong sense of accountability and people who do not deliver have to be dealt with...there are issues around how easy it is for the civil service to get rid of poor performers, but what you do not want is a culture of fear…If you get too much into "somebody takes the blame", "somebody loses their job", you will find it very, very difficult to get really good people to take on the biggest challenges.[90]

86 Qq 14, 283

87 Q 276

88 Q 91

89 Ev 198

90 Qq 11, 29

79. It does seem, however, that there is at least some scope for more effectively holding individuals to account for their performance—which is, after all, distinct from holding people to account for achieving policy outcomes (and a sophisticated system of performance management should be able to distinguish between the two). Central government may find the experience of local government instructive in this regard. Steve Bundred, head of the Audit Commission, told us that under the system of comprehensive performance assessment (CPA), poor performance has been career-threatening for individuals seen to be responsible for failure:

> …I do see many instances where people in local authorities carry the can for failure and, indeed, one of the reasons why the Commission's comprehensive performance assessment has been perceived to have real bite and to have contributed to driving improvement in the performance of local authorities is because it is perceived to have been career-threatening for individuals to be identified as having been held responsible for failure in those circumstances.[91]

80. Liam Byrne, the then Cabinet Office Minister, indicated to us that the Government intends to link performance information and the results of capability reviews much more directly to both permanent secretary appraisal and to the way in which the senior civil service is rewarded and developed.[92] **In principle, we agree that individuals within government should be held to account for their performance. This would include the ability to get rid of obviously underperforming civil servants. We would stress, however, that effective individual accountability is not about fault-finding and blame-pinning. Good accountability should help the cause of good government by clarifying to the people making up government how their particular roles—and how they perform those roles—relate to government's overall ability to achieve what it sets out to achieve.**

81. Finally, we have also been concerned with the quality of wider accountability arrangements within government. Over the past decade we have, for example, examined how public service targets have improved government's accountability for the delivery of key public service objectives (we consider issues of organisational accountability for performance in more detail in the next section).[93] We have also taken an interest in how government responds to complaints. The Ombudsman and others have impressed on us the importance of effective redress procedures so that government can be held accountable for poorly implemented policies. The Local Government Association asserted that:

> Accountability arrangements for different public services remain complex and deeply confusing for the public, undermining one of the basic pre-conditions of good government (readily understandable answers to the citizen's questions of who's in charge, and against whom can I seek redress if things go wrong?).[94]

82. An emerging issue is how traditional models of department-based accountability are becoming increasingly outmoded, and which, at the least, will need to be supplemented by

91 Q 213; see also Ev 122

92 Q 414

93 Public Administration Select Committee, Fifth Report of Session 2002–03, *On Target? Government by Measurement*, HC 62–I

94 Ev 159

more cross-departmental ways of working. Excessive departmentalism inhibits government's ability to work in a more co-ordinated, "joined-up" way, as both Lord Birt and Sir Michael Bichard observed.[95] The Institute for Government, the Better Government Initiative and the union Prospect all noted that traditional "silo-based" working frustrates government's attempts to achieve policy outcomes that cut across departmental boundaries. Geoff Mulgan has set out a series of measures that would promote better collaborative working within government:

- Reforming how money is allocated—to ensure that it goes to specific problems, areas or client groups rather than to functional bureaucracies;
- Reshaping how career rewards are organised—rewarding those who act corporately or collaboratively with promotions, honours, and bonuses;
- Designing targets that are shared across agencies;
- Influencing the day-to-day cultures of the professions to reward collaboration;
- Ensuring that information and knowledge are shared better at all levels;
- Ensuring clear leadership and responsibility for joined-up tasks; and
- Designing structures in which people learn to collaborate through mutual favours and reciprocity.[96]

83. This sort of "joining up" is fundamental to efforts that have been made over the years to improve co-ordination within government. We have been concerned with the implications that more "joined-up", co-ordinated government has for the relationship between the centre of government and individual departments. We have often noted the tension in this relationship, depending as it does on striking the right balance between two potentially opposing tendencies: between allowing the centre to co-ordinate action across government and to set a clear strategic direction, as against permitting departments sufficient freedom of action for them to operate effectively.

Making Government Work: The Emerging Issues[97]

The focus of joining up government has largely been on the centre, concentrating on how Whitehall departments can be persuaded or cajoled to abandon their "silo" mentality and to work together to produce better and more co-ordinated policy making and delivery. We heard evidence about the difficulties in co-ordinating service delivery due to the vertical organisation of departments (a function both of traditional measures of public accountability and of bureaucratic hierarchy). Many of the most intractable problems of modern government have a horizontal or inter-connected nature—for example, social exclusion encompasses a range of issues and multiple departmental responsibilities. One kind of effort to achieve greater co-ordination has seen the introduction of cross-cutting units, like the Social Exclusion Unit (SEU) and the Performance and Innovation Unit

95 Qq 289, 325

96 Geoff Mulgan, *The Art of Public Strategy: Mobilizing Power and Knowledge for the Common Good* (Oxford, 2009), p 187

(PIU) within the Cabinet Office, which have sought to alter the way in which government operates by forming strategic cross-departmental alliances at the centre. (Paragraph 7)

84. Government will need to develop new or revised accountability mechanisms that reflect this change in the way it is increasingly required to operate. The Institute for Government suggests a number of innovative solutions, such as appointing ministers with cross-departmental portfolios to take responsibility for cross-cutting government objectives.[98] Already we have seen several ministers with portfolios that extend across more than one department, such as those charged with dealing with the current economic crisis. Another example is the most recent round of public service agreement targets, which were deliberately formulated to be more cross-departmental than in the past: targets are now defined as the joint responsibility of two or more departments. There still seems some way to go, however. Many targets retain a distinctly departmental flavour and, in terms of formal accountability, the relevant departmental minister is designated as lead minister for each PSA target.

85. **Effective accountability arrangements help ensure that people both within and outside government can identify who is responsible for what—so that, for example, redress can be sought if things go wrong. In addition, government needs to make sure that it can—and does—adapt existing accountability mechanisms so that officials and ministers can work effectively across departmental boundaries in order to meet wider policy goals, where appropriate. This might mean replacing or complementing department-based accountability structures with new cross-cutting ones.**

97 Public Administration Select Committee, Seventh Report of Session 2000–01, *Making Government Work: The Emerging Issues*, HC 94

98 Ev 153 ff

5 Good performance

86. Almost by definition, good government requires good performance. Governments are judged by how well they perform and the results they achieve. As we have seen in the previous section, this requires effective arrangements to hold individuals accountable for their performance. The point applies equally to government organisations. There must be the right frameworks in place to encourage good organisational performance in government. This means making sure that mechanisms for assessing performance do actually evaluate the results of governmental activity, including how well organisations are achieving their objectives, and can pinpoint what organisations need to do to improve their performance. It will include learning from past performance: successes as well as mistakes or failures.

87. Performance management is tricky to get right. The past decade has seen both an explosion and evolution of the performance measurement culture in government. The development of public service agreement (PSA) targets for government departments is a notable example, but so too are other measures such as league tables for school examination results, star rankings in health and the introduction of the Comprehensive Performance Assessment (CPA) regime for local government (shortly to be replaced by the Comprehensive Area Assessment). We have been interested in these and related developments such as the departmental capability reviews—not least because performance measures are often criticised for being over-prescriptive, demotivating and for distorting priorities away from the things that matter, as we discovered during our previous inquiry into public service targets.

On Target? Government by Measurement[99]

We believe that the Government has laudable aspirations for its public service targets and performance tables. Yet, despite this, the Government's policy was unpopular with many of our witnesses. Even where they agreed in principle with targets (which almost all said they did), they expressed serious reservations about their operation in practice. Allegations of cheating, perverse consequences and distortions in pursuit of targets, along with unfair pressure on professionals, continue to appear. League tables are often seen as untrustworthy and misleading. (Paragraph 28)

Skills for Government[100]

The Capability Reviews paint a bleak picture of Civil Service performance. They suggest a lack of leadership and serious deficiencies in service delivery. But these results do at least expose the scale of the challenge. Departments now have a benchmark against which to measure progress. Ensuring civil servants have the right skills will be essential to improving services in future. (Paragraph 33)

99 Public Administration Select Committee, Fifth Report of Session 2002–03, *On Target? Government by Measurement*, HC 62–I

100 Public Administration Select Committee, Ninth Report of Session 2006–07, *Skills for Government*, HC 93–I

88. We have also been concerned with improving government performance in a more general sense; for instance, by scrutinising initiatives such as the promotion of choice in public services, as well as proposing entitlements to minimum standards of public service provision.

Choice, Voice and Public Services[101]

Our report also makes it clear that if choice is to succeed it will have implications for the government's wider objective of containing costs and increasing the efficiency of the public sector. For choice to be effective we found it was necessary to ensure additional capacity in the appropriate places. This not only comes at a cost, but expanding a successful school or closing a hospital cannot be an immediate, or even a practical, response to user choice. We therefore encourage the Government to consider other approaches to improve performance, including collaboration between providers to ensure good quality, local services. (Summary)

From Citizen's Charter to Public Service Guarantees: Entitlements to Public Services[102]

We recommend that there should be clear, precise and enforceable statements of people's entitlements to public services. These should be in the form of Public Service Guarantees, as proposed by our predecessor Committee. The Guarantees should specify the minimum standard of service provision that service users can expect, and set out the arrangements for redress that apply should service providers fail to meet the standard promised. (Paragraph 45)

Assessing government performance in the round

89. In our view, developments over the past decade in assessing government performance and capacity (including PSA targets and capability reviews) have been effective in terms of what they have set out to do. We note that government performance management systems in the UK are also well-regarded internationally.[103] Nevertheless, there remain gaps in the arrangements for scrutinising the overall performance of individual departments and of government as a whole. Seasoned experts such as Sir Michael Bichard and Professor Colin Talbot believed that there should be more rigorous evaluation of central government performance in the round, drawing on the variety of performance information that now exists. According to Colin Talbot:

> One of the things that I have been concerned about is that we now produce lots of information about how well government departments are doing or not, but nobody

101 Public Administration Select Committee, Fourth Report of Session 2004–05, *Choice, Voice and Public Services*, HC 49–I

102 Public Administration Select Committee, Twelfth Report of Session 2007–08, *From Citizen's Charter to Public Service Guarantees: Entitlements to Public Services*, HC 411

103 Ev 184

> is bringing that together and looking at the picture in the round…There is no attempt at the moment by anybody, whether it is the National Audit Office or Parliament or the Executive, to pull that sort of information together and say, "Let us have a serious discussion for each department about what we are spending money on, what is it achieving and what are the capabilities of the department in transforming money into achievements?"[104]

90. One immediate course of action to pursue would be to link up existing measures of government performance and capacity. The capability reviews introduced by Sir Gus O'Donnell were not designed to measure departmental performance itself, but have proved effective at indicating where departments need to improve their capacity to perform better. There is, however, a crucial lack of connection between the capability reviews and measures of actual performance, such as PSA targets, as the National Audit Office has observed:

> It is unusual to examine an organisation's leadership, strategy and processes in isolation from its operational results. The lack of a link between Capability Review scores and reported performance will appear increasingly anomalous and could undermine the credibility of both.[105]

91. Although PSA targets are more cross-departmental than in the past, they are still largely based around departmental responsibilities, as noted earlier. Performance measures such as PSA targets could therefore be linked to the capability reviews quite easily, according to department. Indeed, the NAO mapped the results of the capability reviews against departments' reported achievement of their PSA targets and found:

> …a divergence between assessments of delivery capability and departments' delivery performance as measured by achievement of PSAs, with no linear correlation. We found, for example, that while the Department for International Development received a relatively high delivery capability score in March 2007, it was on track, in April 2008, to meet only one of its six PSAs.[106]

92. As some of our witnesses pointed out, the performance regime for local government has for some time now connected measures of performance with assessments of local authorities' capacity to improve.[107] This indicates that it is possible to assess both capability and performance in the same exercise. In drawing the comparison between the performance assessment regimes applying to central and to local government, the issue is not whether it is possible to compare Whitehall departments with each other, as local authorities are compared under CPA. The relevant point is that CPA has enabled thorough analysis of the performance of local authorities on a wide range of criteria, combined with an evaluation of their capacity to perform better in future. It is time for central government to apply to itself the same rigour and comprehensiveness in its performance assessment arrangements as it does to local government.

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104 Q 278

105 National Audit Office, *Assessment of the Capability Review Programme*, Session 2008–09, HC 123, 5 February 2009, p 10

106 *Ibid*, p 25

107 Qq 226, 278

93. **To be credible, evaluations of government departments' capacity to deliver—the departmental capability reviews—need to be much more clearly linked to assessments of actual performance such as public service agreement targets. This is just the start of what should be done in order to evaluate performance effectively, however. Government should develop a rigorous framework for assessing its performance in the round, both by individual department and for government as a whole. This framework should allow people to come to a judgement about how well government has been performing, and what needs to be done to improve performance in the future. It would also provide the tools for more effective scrutiny of government performance by parliamentary select committees.**

94. Liam Byrne recognised the need for this type of rounded assessment when he came before us:

> …we have to better knit together the picture of departmental performance. We have to build that sort of jigsaw with a better clarity; we have to put together the pieces more effectively. One of the pieces of work that we are doing in the Cabinet Office now is just looking at how we bring together, for example, performance on public service agreements, performance on value for money and the operational efficiency programme work that the Treasury commissioned and how we then change capability reviews so there is a much better accent and a much greater premium on the innovative capacity of departments and the adroitness with which departments join up with other colleagues.[108]

95. We look forward to seeing the fruits of this work. In the meantime, we would make the following suggestions as to any new assessments of departmental performance. We would expect evaluations of overall performance to examine policy outcomes rather than simply assessing processes and policy outputs. There would probably need to be some measures of public satisfaction (with, for example, individual public services, as we recommended in our previous report on entitlements to public services[109]). **In brief, performance assessments need to give a sense of how well departments are performing, drawing on the full range of evidence available to government. Relevant evidence would include performance against targets and other indicators, achievement of service standards, data to benchmark performance against that of comparable organisations, international comparisons, public satisfaction (if appropriate), numbers of complaints, and data on efficiency and value for money.**

Getting government to learn from past experience

96. One refrain we heard frequently during our current inquiry was that government is poor at learning from past experience.[110] For example, Colin Talbot told us:

> My experience from talking to people in Whitehall is that it suffers from organisational amnesia, not organisational learning. You can sit in a room with a

108 Q 414

109 Public Administration Select Committee, Twelfth Report of Session 2007–08, *From Citizen's Charter to Public Service Guarantees: Entitlements to Public Services*, HC 411, para 34

110 See, for example, Qq 68, 248, 275

> group of people and their memory goes back as far as the longest serving person in the room in that particular function and there is very little attempt to really build on learning.[111]

97. Meanwhile, the NAO observed that this failure to absorb lessons from experience could be costly for government:

> Learning lessons needs to become part of a formal routine management process. The Department for Environment Food and Rural Affairs learnt some lessons from the outbreak of classical swine fever in 2000 but did not incorporate them into a structured national emergency response plan, partly contributing to the £3 billion cost of dealing with the 2001 outbreak of foot and mouth disease.[112]

98. Complaints about poor performance are an important source of information from which government could learn more effectively, as we observed in our report on complaints.

When Citizens Complain[113]

...all government organisations should have an active strategy for monitoring and learning from complaints, and central departments should use such information to monitor the performance of their agencies. (Paragraph 80)

99. Using information about the achievement of performance targets is another obvious way of developing the learning capacity within government that is needed, as Professor Steve Kelman suggested: "It's not just about having performance targets, but using them as a learning tool. They provide a natural experiment in evidence-based delivery".[114] **We believe that the fuller performance assessments we recommend above should examine and promote the capacity for government to learn from previous experience—both successes and failures.**

Chasing progress on Whitehall performance

100. As well as instituting more rounded performance assessments, there needs to be a stronger performance champion within government: a body able to chase progress on improving the performance of government departments. This idea is along the same lines as the Prime Minister's Delivery Unit that was set up under Tony Blair to chase progress on key public service targets; although the body we propose would have to be independent of government. We have suggested such a body in the past, in recommending that a "National Performance Office" be set up to focus specifically on monitoring the non-financial performance of departments.

111 Q 248

112 Ev 176

113 Public Administration Select Committee, Fifth Report of Session 2007–08, *When Citizens Complain*, HC 409

114 Ev 203

Skills for Government[115]

We see merit in Lord Butler's suggestion that there should be a National Performance office, equivalent to the National Audit Office, that scrutinises Civil Service performance in detail on more than a financial basis. It is Parliament's job to hold the Executive to account; therefore the National Performance Office should have the same parliamentary status as the NAO. (Paragraph 127)

It is intended that the Departmental Capability Reviews will be repeated after two years. We believe they should become a regular feature, and that future reviews should be carried out by the new National Performance Office. Standards of government will be increased both by external audit and greater parliamentary accountability. Such a body could also provide a regular performance report on government, in the spirit of the government's now discontinued annual reports. (Paragraph 129)

101. There seems little appetite for setting up new structures of this kind, however. Our proposed National Performance Office received a lukewarm reception from witnesses to this inquiry, who were reluctant to endorse establishing yet another apparatus within government to improve performance. They did, nonetheless, accept that there is a gap in the current institutional arrangements for effective performance monitoring at central government level. What witnesses such as Sir Michael Bichard and Colin Talbot proposed instead was a recasting of an existing body: specifically, the National Audit Office. Colin Talbot, for example, told us:

> Specifically on this issue about some sort of performance office, I would argue quite strongly that the obvious thing to do is to change the remit of the National Audit Office. The National Audit Office at the moment is prevented from criticising policy because of the way the legislation was framed which set it up, which seems to me to be rather peculiar given that it is an office which reports to Parliament and Parliament is perfectly entitled to criticise government policy. That restriction ought to be removed from the NAO and that would then give it the opportunity to do some of the sorts of things that we have been talking about in terms of providing better scrutiny of budgets and of performance. It would give it a much bigger role. It would be a role more similar to that of the GAO in the United States. That would be the easiest way of doing it without setting up a completely new institution.[116]

102. Indeed, the former head of the NAO, Sir John Bourn, told us that there had been something of a missed opportunity so far to get the NAO to concentrate more robustly on improving overall government performance:

> In relation to the idea of a kind of National Performance Office, you could—and, indeed, we did in some areas—produce reports which were assessing performance to a degree in the round. You could do that within the present law giving powers to the

115 Public Administration Select Committee, Ninth Report of Session 2006–07, *Skills for Government*, HC 93–I

116 Q 280; see also Q 348

> National Audit Office. You could say that that would be an extension of its value for money reports, because, instead of, as at the present time, where most of the value for money reports are about particular issues, you could, as it were, do an analysis of the strengths and weaknesses of a department in the round. It was one of the things we were thinking about before I left and I think my successors will want to consider it.[117]

103. A great deal of resource and effort are poured into the 60 or so value for money reports that the NAO produces each year. Yet the NAO's value for money reports provide only a patchy picture of how departments are performing overall. Better value for money—ironically enough—might be had from harnessing the expertise at the NAO's disposal to develop the rounded type of performance assessment we called for in the previous section.

104. It is an opportune time for the NAO to reconsider its role in this way, with the arrival of a new Comptroller and Auditor General and new governance arrangements (including the newly created post of NAO Chair). The model that is often cited is that of the GAO in the United States, which transformed itself from the "General Accounting Office" to the "Government Accountability Office". The change in organisational emphasis that was signified by the change in title is what we advocate also: the NAO could move from being the "National Audit Office" to the "National Accountability Office", more clearly responsible for holding government to account for its performance.

105. The prospect of becoming a National Accountability Office would in turn require a review of the existing powers, staffing and organisational culture of the NAO. It might also open up the question of whether it should merge with the Audit Commission. We envisage this enhanced function of the NAO as complementing rather than competing with the role of departmental select committees in scrutinising government performance. An enhanced NAO could supply select committees with more rigorous data and analysis with which to hold departments accountable for their performance, including the more rounded assessments of departmental performance we advocated earlier. It would build on the type of the work that the NAO is increasingly doing to support select committees, in addition to its main role in providing analytical support to the work of the Public Accounts Committee.

106. **Our basic idea is that there should be an effective body to monitor and chase progress on performance at central government level. At minimum, we believe the National Audit Office could—and should—work within its existing powers to undertake more comprehensive assessments of departmental performance in the round. We would further propose a stronger institutional home for efforts to assess and improve governmental performance. This would see the NAO evolve into a "National Accountability Office", with a corresponding strengthening of its remit, powers and resourcing to fulfil this enhanced role.**

117 Q 51

6 Good standards

107. Achieving and maintaining a culture of high ethical standards is crucial to good government, in order to help engender public trust and confidence in our governing institutions. As the Local Government Association put it: "Good government involves a relationship of trust between those who are governed and those who govern".[118] This assertion is supported by evidence cited by Geoff Mulgan, who noted that "rankings of government effectiveness correlate pretty closely with the rankings of corruption prepared by bodies like Transparency International, and truly predatory states govern very badly".[119]

108. Throughout our inquiry, witnesses have said that the area of ethical standards is one of the strengths of British government—honesty, integrity and propriety being seen as key defining characteristics of the majority of public servants.[120] Nevertheless, there is also a popular perception that those in public life are too often prone to lapses in ethical behaviour. The most recent survey of public opinion by the Committee on Standards in Public Life (CSPL) found that 41 per cent of respondents thought standards had declined over the past few years.[121] It is likely that the recent revelations about the abuse by some MPs of their expenses will have had a further dramatic and negative effect on public perceptions.

109. Sir Christopher Kelly, Chair of the CSPL, suggested to us that declining public trust could be due to a number of factors: it could indicate a deterioration in standards in an objective sense, but might also be because people had been inordinately influenced by media reports of individual cases involving improper or unethical conduct.[122] The CSPL itself appears to incline towards the latter explanation, saying in evidence to us:

> …it is a matter of some concern to the Committee that the improvement in standards generally acknowledged to have occurred has not translated into improved public perception of public office holders.[123]

110. This indicates to us a continued need for efforts to create, maintain and reinforce a culture of high ethical standards, and for this to be communicated more effectively to the wider public. A healthy culture of high standards in public life in turn requires a robust system of ethical regulation and strong ethical leadership.

118 Ev 158

119 Geoff Mulgan, *The Art of Public Strategy: Mobilizing Power and Knowledge for the Common Good* (Oxford, 2009), p 47

120 Qq 64, 134, 137, 178, 181, 284, 289

121 Committee on Standards in Public Life, *Survey of Public Attitudes towards Conduct in Public Life 2008*, November 2008, p 18

122 Oral evidence taken before the Public Administration Select Committee on 10 February 2009, Session 2008–09, HC 242–i, Q 73

123 Ev 145

Transparent, independent and accountable ethical regulation

111. Strong ethical regulation provides the essential foundation for high ethical standards in government. As the Committee on Standards in Public Life stated to us:

> In our view the most effective way to maintain high standards is to find ways of supporting those who act honestly and with integrity while ensuring that the few who are minded to breach the rules are discouraged from doing so, and that breaches of the rules are detected and addressed appropriately.[124]

112. These are issues that have concerned us for a number of years now. We have kept a close eye on the development of the codes of conduct that exist to regulate the behaviour of those in public life, particularly those applying to ministers, civil servants and special advisers. The past decade has seen these codes of conduct evolve, often in the direction that we have recommended to government. In the case of special advisers, for instance, there is now a code of conduct governing their behaviour and activities; while promised civil service legislation enshrines the values of the civil service in law and makes statutory provision for the continued existence of a civil service code.

Constitutional Renewal: Draft Bill and White Paper[125]

We have previously published draft bills on the civil service and to legislate for other important ministerial powers—the "prerogative powers"—which are currently exercised without parliamentary approval. The March 2008 government white paper on constitutional renewal and the accompanying draft bill contain proposals in most of these areas…We find much to welcome in the Government's proposals for the civil service…The core values of the service—integrity, honesty, objectivity, impartiality—and its key characteristics—recruitment on merit and the ability to serve governments from across the political spectrum—have stood the test of time. The purpose of legislation would be to protect these core values and key characteristics against the kind of government that might seek to undermine them, in an environment where the understandings that exist now between civil servants, ministers, and the Civil Service Commissioners had broken down. (Summary)

Special Advisers: Boon or Bane: The Government Response to the Committee's Fourth Report of Session 2000–01[126]

The Committee welcomes the Code of Conduct for Special Advisers as a clear statement of the role of advisers and a helpful strengthening of the protection provided to the neutrality of civil servants. As with all Codes, however, consistent and robust implementation is required to make it work. We will closely monitor its future

124 Ev 143

125 Public Administration Select Committee, Tenth Report of Session 2007–08, *Constitutional Renewal: Draft Bill and White Paper*, HC 499

126 Public Administration Select Committee, Third Report of Session 2001–02, *Special Advisers: Boon or Bane: The Government Response to the Committee's Fourth Report of Session 2000–01*, HC 463

operation in this respect. (Paragraph 5)

Investigating the Conduct of Ministers[127]

We applaud the Prime Minister's decision to revise the Ministerial Code and to focus it on questions of general principle rather than detailed guidance on procedure. Our predecessor Committee recommended this course of action in 2001, and it has also been recommended more than once by the Committee on Standards in Public Life. Procedural guidance is necessary, but the Ministerial Code is not the place for it. A principle-based Code should be simpler for ministers to use and simpler for Parliament and the public to judge them by. (Paragraph 9)

113. There also need to be effective enforcement mechanisms to ensure that the standards of behaviour exhorted by codes of conduct are being upheld in practice, and to enable any transgressions or wrongdoing to be dealt with appropriately. This is particularly the case when disputes or disagreements arise, as was illustrated by the breakdown in relations at the former Department of Transport, Local Government and the Regions following the disclosure of a controversial email sent by the then special adviser, Jo Moore. Our report on "these unfortunate events", as well as an earlier more general report on special advisers, recommended clearer arrangements to ensure that the activities of special advisers can be adequately policed.

Special Advisers: Boon or Bane?[128]

…we believe that it is time to put the position of special advisers on a firmer footing. This means recognising them as a distinct category; funding them in an appropriate way; appointing them on merit; and putting a proper framework of accountability around their activities. (Paragraph 81)

"These Unfortunate Events": Lessons of Recent Events at the Former DTLR[129]

We recommend that the Government should review the system for handling disputes which may arise between ministers, special advisers and career civil servants. This should in future make clear who has final responsibility for disciplinary matters and should also clarify the role of the Prime Minister in the process of resolving disagreements involving special advisers. (Paragraph 71)

114. Another area that we have looked at in this regard is the policing of the Ministerial Code. We have argued for some time that there should be a process to allow for independent investigation where breaches of the Ministerial Code are alleged to have

127 Public Administration Select Committee, Seventh Report of Session 2007–08, *Investigating the Conduct of Ministers*, HC 381

128 Public Administration Select Committee, Fourth Report of Session 2000–01, *Special Advisers: Boon or Bane?*, HC 293

129 Public Administration Select Committee, Eighth Report of Session 2001–02, *"These Unfortunate Events": Lessons of Recent Events at the Former DTLR*, HC 303

occurred. The Prime Minister's Independent Adviser on Ministers' Interests—the closest we have to a Ministerial Code enforcer—has at present no power to initiate investigations into allegations about breaches of the Code.

The Ministerial Code: The Case for Independent Investigation[130]

The current arrangements lack a clear and well-defined system of independent investigation into alleged breaches of the Ministerial Code. (Paragraph 19)

We do not believe that some form of independent investigator would undermine the doctrine of ministerial accountability to Parliament. Governments can and do commission individuals to undertake inquiries on their behalf about their conduct when the political demand is overwhelming. We agree that, ultimately, the Prime Minister must judge what the right course of action is and account for it to Parliament. However, we remain convinced that an independent investigatory capacity can be created which does not undermine the Prime Minister's right to decide whether a minister has breached the Ministerial Code and what the consequences might be. It would also promote public confidence in the Ministerial Code as a handbook on propriety. (Paragraph 21)

Transparency

115. Despite the existence of codes of conduct exhorting high ethical standards, there remain lingering concerns in the public mind that some are complying with the letter rather than the spirit of the law when it comes to standards of behaviour. A current example is the manipulation of the allowance system by some Members of Parliament for their own financial gain. **Transparency is a vital prerequisite for any system of ethical regulation. It is the best way of ensuring that office holders have the broader public interest in mind when they are spending public money or performing other public duties. Transparency also makes it harder for those who do break the rules or who do act unethically to hide what they are doing.** In evidence to us, Sir Christopher Kelly acknowledged the importance of both transparency and accountability as fundamental principles that should govern reform of the system of MPs' parliamentary allowances.[131]

116. The revelations about parliamentary allowances stemmed indirectly from freedom of information requests submitted about MPs' expense claims. This Committee played an important part in ensuring that Parliament was included within the ambit of freedom of information legislation.

130 Public Administration Select Committee, Seventh Report of Session 2006-06, *The Ministerial Code: The case for Independent Investigation*, HC 1457

131 Oral evidence taken before the Public Administration Select Committee on 10 February 2009, Session 2008–09, HC 242–i, Q 6

Your Right to Know: The Government's Proposals for a Freedom of Information Act[132]

...there are many administrative functions carried out within Parliament which, it seems to us, do not need to be protected [from disclosure], any more than do those of the police. The justification for the exclusion of Parliament [from freedom of information legislation] has not been made out. The exclusion may well convey the wrong impression to the general public, given the purpose of this legislation. We hope that the Joint Committee on Parliamentary Privilege will review this question, and we recommend that the Government re-examine the exclusion of Parliament in the light of its report. (Paragraph 37)

117. Moreover, when we took evidence from Sir Christopher Kelly in February 2009, we pressed him to explain why the Committee on Standards in Public Life had not already sought to begin an inquiry into MPs' allowances. In the words of our Chairman:

> Your committee, faced with problems in the House of Commons ten years ago, got stuck in, did a major report on MPs' interests, set up a whole new machinery that has been extremely helpful, and yet, here was an issue crying out for attention from a body whose terms of reference were to do with the financial interest of public office holders and you have just been on the sidelines.[133]

In April 2009, the Committee on Standards in Public Life did start such an inquiry, following a direct request from the Prime Minister. Good ethical regulation also depends on the culture and judgement of the ethical regulators themselves.

Independence and accountability

118. Our major report on *Ethics and Standards* examined the range of bodies that exist to regulate standards of conduct in public life. Some of these ethical regulators are involved in monitoring codes of conduct and investigating any breaches, as well as promoting key values such as propriety and integrity more generally. They include the CSPL, the Civil Service Commissioners and the Parliamentary Commissioner for Standards, as well as bodies with a wider remit such as the Ombudsman, the Comptroller and Auditor General and the Information Commissioner, among others.

119. The *Ethics and Standards* report set out the principles that we believe should underlie ethical regulation, including those of independence and accountability. We have in particular been concerned to ensure the independence of the ethical regulators, and to recognise their important constitutional role, by recommending that watchdogs such as the CSPL become permanent bodies established by statute. The Government has accepted the case for putting some ethical regulators on a statutory footing, by proposing to do so for the Civil Service Commission and the House of Lords Appointments Commission. We see

132 Public Administration Select Committee, Third Report of Session 1997–98, *Your Right to Know: The Government's Proposals for a Freedom of Information Act*, HC 398–I

133 Oral evidence taken before the Public Administration Select Committee on 10 February 2009, Session 2008–09, HC 242–i, Q 6

no reason why other ethical regulators of equal importance should not be afforded the same constitutional status.

Ethics and Standards[134]

To command public confidence, ethical regulators need to be robustly and conspicuously independent, and the system of regulation needs to be proportionate and coherent. (Paragraph 47)

It is unsatisfactory for the ethical regulators created to regulate government to be appointed by government, and funded by government…Consequently, we believe that the bodies whose core business is the ethical regulation of government should be established by statute, and report to Parliament rather than government. We consider that the arrangements for funding and scrutiny of the Comptroller and Auditor General and the National Audit Office provide a model for those regulators who are accountable to the House. This means that:

- *Funding* and operational challenge should be provided by a body independent of government, yet with government representation, like the Public Accounts Commission. Separate committees should engage with reports. This would protect both accountability and independence;
- *Appointment* should be by Resolution of the House, and the names proposed should be agreed by consultation among the parties. Appointments processes could still follow OCPA principles;
- *Staffing:* the Officers should appoint their own staff, who would not be civil servants (although secondments from the civil service would be possible and often desirable).

(Paragraph 64)

We believe that all constitutional watchdogs should, in principle, have power to initiate their own inquiries into matters of specific or general concern. They should generally consult before doing so, as a matter of good practice, but the decision as to whether an inquiry is warranted should remain theirs alone. (Paragraph 76)

120. Likewise, in our examination of the honours system we concluded that the institutional arrangements for recommending honours should be independent of government and established by statute. The Government subsequently implemented several reforms to the honours system, including key recommendations of ours that ministers should be removed from the process of making recommendations for honours, and that the system should be more transparent. However, the honours selection committees, though now independent, do not have a statutory basis.

134 Public Administration Select Committee, Fourth Report of Session 2006–07, *Ethics and Standards: The Regulation of Conduct in Public Life*, HC 121–I

A Matter of Honour: Reforming the Honours System[135]

We recommend that the honours selection committees should be replaced by an Honours Commission, which would take over from ministers the task of making recommendations to the Queen for honours. It should be established by statute, following the precedent of the Electoral Commission. (Paragraph 168)

The members of the Honours Commission should be independent and appointed through "Nolan" procedures. There should be a requirement on those appointing the members of the Commission to ensure that, as far as possible, its membership should reflect the diversity of the country. (Paragraph 169)

The names of all members of the Honours Commission should be published and the Commission's policy on the transparency of its procedures should be based on best practice in similar bodies in other countries. (Paragraph 170)

121. **A fundamental prerequisite of good government is the existence of a system of ethical regulation that helps to ensure high standards of public life are upheld. Codes of conduct should clearly express the standards of behaviour expected of public office holders and the values to be adhered to; and there should be robust mechanisms to monitor and enforce the codes. Government also needs to ensure that institutional arrangements to monitor and enforce standards embody the underpinning principles of ethical regulation—transparency, independence and accountability—in the strongest possible terms. In particular, it should act to make the ethical regulators a permanent part of the constitutional landscape by putting bodies such as the Committee on Standards in Public Life on a statutory footing.**

Strong ethical leadership

122. As we have already observed, despite the existence of a robust framework for ethical regulation, public opinion about standards in public life has gone continually down in recent years. Public perception about the integrity of public office holders has provided the surrounding context for several inquiries we have conducted, such as our examination of lobbying.

Lobbying: Access and Influence in Whitehall[136]

What is clear to us is that reform is necessary. Lobbying the Government should, in a

135 Public Administration Select Committee, Fifth Report of Session 2003–04, *A Matter of Honour: Reforming the Honours System*, HC 212–I

136 Public Administration Select Committee, First Report of Session 2008–09, *Lobbying: Access and Influence in Whitehall*, HC 36–I

democracy, involve explicit agreement about the terms on which this lobbying is conducted. The result of doing nothing would be to increase public mistrust of government, and to solidify the impression that government listens to favoured groups—big business and party donors in particular—with far more attention than it gives to others. Measures are needed:

- To promote ethical behaviour by lobbyists, with the prospect of sanctions if rules are broken;
- To ensure that the process of lobbying takes place in as public a way as possible, subject to the maximum reasonable degree of transparency; and
- To make it harder for politicians and public servants to use the information and contacts they have built up in office as an inducement to other potential employers.

(Paragraph 144)

123. Perceptions about the propriety and integrity of people holding public office matter, since those perceptions reflect the degree to which the public has trust and confidence in those who govern. One way of combating what may be unfair perceptions about standards in public life is for government to show that it takes such concerns seriously. Consequently, there needs to be firm leadership throughout government to instil and reinforce high ethical standards and the values of public service. We explored many of these issues about the culture of public service and how it is perceived in our report on *The Public Service Ethos*, in which we called for government to give a stronger lead on the values of public service.

The Public Service Ethos[137]

We believe that the Government should state more clearly the principles underlying public service and its reform programme, and put them in a Public Service Code. This should be a summary of its approach, its own version of the public service ethos, relevant to changing circumstances and the intensified demand for excellence in services, but robust in upholding the intrinsic nature of a public service and its traditional values. The Code should be short, simple and aspirational. Its components should include the standards to be reached in ethical behaviour, in service delivery, in administrative competence and in democratic accountability. (Paragraph 54)

124. The need for sound ethical leadership in government was reiterated by the Committee on Standards in Public Life's evidence to this inquiry, which declared:

> The key to achieving long lasting improvement [in ethical standards] is to ensure that the commitment to high ethical standards is embedded within the culture of

137 Public Administration Select Committee, Seventh Report of Session 2001–02, *The Public Service Ethos*, HC 263–I

> public service organisations and in the personal values and belief systems of civil and public servants.[138]

125. The NAO explained how strong ethical leadership connects to the core day-to-day business of government bodies:

> By promoting high quality and efficient public services that are free of fraud or corruption, sound governance is fundamental to confidence and trust in public services...Good governance is driven by an organisation's leadership, which needs to set clear direction and manage internal communication in a way that engages staff, builds morale, and enables quick and effective decision-making.[139]

126. **Government has a central role in transmitting and reinforcing the core values of public service. This requires strong leadership from those within government, particularly at senior levels, to communicate the importance of high ethical standards and core public service values—and, crucially, to embody those values in their own actions and behaviour. This is essential if public trust in governing institutions and public office holders is to improve.**

138 Ev 143

139 Ev 164

7 Conclusion

Good government and a smarter state

127. There has been much discussion recently about the future role of government; in particular, calls for a smaller, smarter state, in the words of former Cabinet Office Minister Liam Byrne.[140] The Prime Minister has also advocated more "strategic government" in the public services blueprint *Working Together*.[141] This evolving view of the role of the state appears to be shared across the political spectrum. The Conservatives have for some time been putting forward the notion of a "post-bureaucratic age", which would entail the state retreating from many functions it currently performs (such as the direct provision of many public services).

128. Both ideas—the "smarter state" and the "post-bureaucratic age"—suffer from a degree of imprecision in their formulation, however. Liam Byrne said to us it would require a rebalancing between the centre of government and the wider public sector, for instance, but that this would not preclude government taking on more responsibilities:

> …we have to recognise that in the 21st century it is quite possible to have strong government without having big government. Translating that rhetoric into reality is going to take a bit more patient work over the next couple of months and we have to look at the balance between the frontline and the centre. Instinctively I believe it is possible to do more and to pick up new burdens without building new bureaucracies at the centre. We have to construct a future in which it is possible for government to be stronger and do more, particularly at times like now, without simply building a bigger bureaucracy in Whitehall.[142]

129. In part, this discussion about the future role of government is a response to economic pressures and likely future constraints on public spending; but it also reflects a wider debate about the appropriate role of the state in society. The Better Government Initiative observes that the scale, depth, range and complexity of government activity have all increased in recent years, making the task of governing much more difficult than in the past.[143] Sir Michael Bichard speculated that there will be a further evolution as governments shift their focus from delivering services and policies toward an emphasis on influencing people's behaviour:

> In terms of your inquiry we could argue that we are at a turning point, a crossroads, in what good government is. In the last 20 years in this country good government has been judged very much in service terms: how can we deliver more efficient services, more responsive services?...I think maybe the time is coming when we need to move away from this preoccupation with services to a more strategic sort of government which is more about influencing behaviour, which is much better at

140 "Times of change demand change of pace: next steps for public service reform", speech by Liam Byrne to Guardian public services summit, 5 February 2009

141 Cabinet Office, *Working Together: Public Services on Your Side*, March 2009, p 65 ff

142 Q 417

143 Ev 128

> joining up the issues, which is agile, quick on its feet and innovative, and maybe—and we have not talked a lot about this—a bit better at forecasting and anticipating some of the issues that are coming down the track rather than being good at reacting to them when they are right in front of you.[144]

130. During our inquiry, we heard views that perhaps government is doing too much and should focus on fulfilling its core functions: as Nick Raynsford put it, "government doing less but doing it better".[145] This suggests that a smarter state will be one where conscious choices are made about the functions that government performs. Liam Byrne acknowledged this when he told us that "politicians have got to set expectations in the right place".[146] Geoff Mulgan put it in this way:

> If there is one feature of really good government, I would say it is a degree of focus: knowing what really matters and being willing to say, "We won't try to do everything. There are some things we cannot do now."[147]

131. A key part of this will be how effective government becomes at learning from previous experience. We noted earlier that government has not traditionally been seen as an exemplar "learning organisation".[148] Sir Suma Chakrabarti, Permanent Secretary at the Ministry of Justice, told us that the wider political culture needs to change in order to allow the kind of learning within government that would result in better public policy:

> ...when I reflect on culture, how we work and the impact politics has, the problem with some of our politics is it encourages a culture of certainty. You cannot be wrong and if you admit that you might have changed your mind, as Keynes said on new information, "I change my mind, what do you do", that is a no-no because the media will go after you...It is right, through [the policy] evaluation process, to open up the aperture of discussion around policy and try and refine and improve that policy. The problem is, at that point, politicians fear the media will go for them. "You have changed your mind so you got it wrong, did you not?" It creates a really bad downward spiral in public policy making. It makes it very difficult for good ministers and civil servants to try and do the right thing, which is where we have a joint interest. We are both interested in getting public policy as right as we can.[149]

The ability of government to learn effectively from past experience will become more important in future: not just because learning from the past is essential to improving the way things are currently done, but also because an understanding of past experience helps to establish the areas in which government should be involved in future.

132. Whatever the shape of government in the future, however, one thing we can safely say is that it should still aim to meet the criteria for good government that we have set out in

144 Q 295

145 "Labour's deep hole", *New Statesman*, 11 August 2008

146 Q 362

147 Q 78

148 See paragraph 96 and Qq 68, 248, 275

149 Oral evidence taken before the Public Administration Select Committee on 2 April 2009, Session 2008–09, HC 83–vi, Q 405

this report. **Regardless of how the role of government evolves, our requirements for good government should still hold true. In developing these requirements, we were conscious that they needed to apply to a widely varying range of circumstances. Any government needs good people, good processes, good accountability, good performance and good standards. As we see it, these are the basics of good government—and a prerequisite for any discussion of a smarter state.**

Conclusions and recommendations

1. Britain is among the group of highest performing countries in the world when it comes to good government. Within this group of top performers, however, Britain is by no means the leader: its governing performance is roundly average when compared to that of other advanced industrialised nations. Bearing this assessment of British government in mind, we have ourselves sought to identify the most significant conditions for governing success. We have organised our conclusions according to the following five requirements, as we see them, of good government:

    - Good people
    - Good process
    - Good accountability
    - Good performance
    - Good standards

    (Paragraph 10)

Good people

2. The system for making ministerial appointments can work to undermine good government by encouraging behaviour that is focused on short-term political advantage rather than the long-term interests of stable, effective government. Prime Ministers have the formal prerogative to appoint whichever ministers they choose—but decisions about the appointment of ministers need to take account of governing need as well as political reward. Ideally, this would mean the appointment of fewer ministers than is currently the case, especially junior ministers. Another change that would assist good government concerns the behaviour of those individuals appointed as ministers. Ministers will always respond to short-term considerations of media and political impact, but this should not be at the expense of the longer-term outcomes that their policy decisions are attempting to influence or bring about. (Paragraph 22)

3. Specific training, as we have recommended in the past, can help develop ministerial skills; but what is probably more crucial is leaving ministers in post for longer so that they can cultivate the knowledge and relationships they need in order to govern well. Assuming that the right appointments have been made in the first place, this would help ensure that government develops the ministerial capacity it needs to function effectively. (Paragraph 24)

4. Government needs to do more than pay lip service to the need for civil servants to have a stronger delivery focus. It should actively recruit and promote those with the core operational skills needed to run government—including making sure the right policies and incentives are in place to signal that delivery skills and experience are necessary and core attributes of today's civil servants. (Paragraph 29)

5. Government needs to ensure the right incentives, systems and culture exist for civil servants to work at their full potential—including the capacity to assess situations intelligently, and then to respond, innovate and take risks where appropriate to bring about the desired outcomes. (Paragraph 33)

6. Government needs to be clear that any reduction in civil service numbers needs to go hand in hand with a transparent and informed deliberation about reducing the scope of governmental functions—if that is what is desired. This would help ensure that a "smarter" government is one that is focused on the core functions and priorities that it has identified; in other words, that smarter government is focused government. (Paragraph 36)

7. We support the Government's stated intention to empower local people and local communities. We believe a smarter state would also involve a real commitment to giving the necessary powers and freedoms to frontline public service workers so that they can do their jobs effectively. Government has a right to define what it expects of public organisations in terms of purpose, but those working in those organisations need the space to decide how best to fulfil that purpose, with audit and inspection to monitor how well it is done. Only unacceptable performance should invite heavier intervention. (Paragraph 42)

Good process

8. It is important to get the basics of good administration right—not least because this is the main contact that many people have with government. There is still much scope for government to sharpen up its act on many aspects of operational performance, particularly on effective project and people management. In doing so, it should heed the guidance and advice on good administrative process provided by bodies including the Ombudsman, the National Audit Office and the Audit Commission. (Paragraph 49)

9. By its very nature, public administration exists in a political context, and it would be impossible—as well as undesirable—to remove it from that context. What it might be possible to do, however, is to limit the more harmful effects of the political environment on the administrative functions of government. Curbing the political demand for new initiatives is difficult, since it requires a broader change in the political culture. Less of a fixation on short-term concerns and media coverage, and greater ministerial awareness of the disruption their demands can cause, would be a good start, as would a determination to ensure that there was good basic administration. (Paragraph 54)

10. Policy and decision making processes need the reflect the collective voice of government. An effective Cabinet is a basic building block of good government. (Paragraph 63)

11. Processes for preparing and scrutinising policy and legislation should be as thorough and well-informed as possible, in the interests of good government. The policy making process should, for instance, build in the ability to learn from the experience of other countries, results of trialling or piloting of policies, likely impacts on those

affected by the policy, and dissenting opinions. Governments should also show greater discipline in relation to the number of policy and legislative proposals they put forward—rather using them to score political points, as is sometimes the case. Reducing the amount of proposed laws and policies in this way would allow more time for proper consideration, and for much better pre-legislative and post-legislative scrutiny. (Paragraph 65)

Good accountability

12. Ministers differ as to how directly they involve themselves in operational matters within their departments, and some latitude should be allowed for such difference. We would, however, reiterate the recommendation of our previous inquiry into ministers and civil servants: good government requires clarity about the respective responsibilities of ministers and permanent secretaries, and about who is accountable for what. We still see a need for the "public service bargain" between ministers and civil servants to be set out in a good governance code. This would help ensure government gets the political and administrative leadership it needs. (Paragraph 72)

13. In principle, we agree that individuals within government should be held to account for their performance. This would include the ability to get rid of obviously underperforming civil servants. We would stress, however, that effective individual accountability is not about fault-finding and blame-pinning. Good accountability should help the cause of good government by clarifying to the people making up government how their particular roles—and how they perform those roles—relate to government's overall ability to achieve what it sets out to achieve. (Paragraph 80)

14. Effective accountability arrangements help ensure that people both within and outside government can identify who is responsible for what—so that, for example, redress can be sought if things go wrong. In addition, government needs to make sure that it can—and does—adapt existing accountability mechanisms so that officials and ministers can work effectively across departmental boundaries in order to meet wider policy goals, where appropriate. This might mean replacing or complementing department-based accountability structures with new cross-cutting ones. (Paragraph 85)

Good performance

15. To be credible, evaluations of government departments' capacity to deliver—the departmental capability reviews—need to be much more clearly linked to assessments of actual performance such as public service agreement targets. This is just the start of what should be done in order to evaluate performance effectively, however. Government should develop a rigorous framework for assessing its performance in the round, both by individual department and for government as a whole. This framework should allow people to come to a judgement about how well government has been performing, and what needs to be done to improve performance in the future. It would also provide the tools for more effective scrutiny of government performance by parliamentary select committees. (Paragraph 93)

16. In brief, performance assessments need to give a sense of how well departments are performing, drawing on the full range of evidence available to government. Relevant evidence would include performance against targets and other indicators, achievement of service standards, data to benchmark performance against that of comparable organisations, international comparisons, public satisfaction (if appropriate), numbers of complaints, and data on efficiency and value for money. (Paragraph 95)

17. We believe that the fuller performance assessments we recommend above should examine and promote the capacity for government to learn from previous experience—both successes and failures. (Paragraph 99)

18. Our basic idea is that there should be an effective body to monitor and chase progress on performance at central government level. At minimum, we believe the National Audit Office could—and should—work within its existing powers to undertake more comprehensive assessments of departmental performance in the round. We would further propose a stronger institutional home for efforts to assess and improve governmental performance. This would see the NAO evolve into a "National Accountability Office", with a corresponding strengthening of its remit, powers and resourcing to fulfil this enhanced role. (Paragraph 106)

Good standards

19. Transparency is a vital prerequisite for any system of ethical regulation. It is the best way of ensuring that office holders have the broader public interest in mind when they are spending public money or performing other public duties. Transparency also makes it harder for those who do break the rules or who do act unethically to hide what they are doing. (Paragraph 115)

20. A fundamental prerequisite of good government is the existence of a system of ethical regulation that helps to ensure high standards of public life are upheld. Codes of conduct should clearly express the standards of behaviour expected of public office holders and the values to be adhered to; and there should be robust mechanisms to monitor and enforce the codes. Government also needs to ensure that institutional arrangements to monitor and enforce standards embody the underpinning principles of ethical regulation—transparency, independence and accountability—in the strongest possible terms. In particular, it should act to make the ethical regulators a permanent part of the constitutional landscape by putting bodies such as the Committee on Standards in Public Life on a statutory footing. (Paragraph 121)

21. Government has a central role in transmitting and reinforcing the core values of public service. This requires strong leadership from those within government, particularly at senior levels, to communicate the importance of high ethical standards and core public service values—and, crucially, to embody those values in their own actions and behaviour. This is essential if public trust in governing institutions and public office holders is to improve. (Paragraph 126)

Conclusion: good government and a smarter state

22. Regardless of how the role of government evolves, our requirements for good government should still hold true. In developing these requirements, we were conscious that they needed to apply to a widely varying range of circumstances. Any government needs good people, good processes, good accountability, good performance and good standards. As we see it, these are the basics of good government—and a prerequisite for any discussion of a smarter state. (Paragraph 132)

Formal Minutes

Tuesday 9 June 2009

Members present:

Dr Tony Wright, in the Chair

Paul Flynn	Julie Morgan
Kelvin Hopkins	Mr Gordon Prentice
Mr Ian Liddell-Grainger	Mr Charles Walker

Draft Report (*Good Government*), proposed by the Chairman, brought up and read.

Ordered, That the Chairman's draft Report be read a second time, paragraph by paragraph.

Paragraphs 1 to 132 read and agreed to.

Summary agreed to.

Resolved, That the Report be the Eighth Report of the Committee to the House.

Ordered, That the Chairman make the Report to the House.

Ordered, That embargoed copies of the Report be made available, in accordance with the provisions of Standing Order No. 134.

Written evidence was ordered to be reported to the House for printing with the Report , together with written evidence reported and ordered to be published on 15 July, 16 October, 26 November, 16 December, 15 January, 10 February, 26 March, and 2 April.

[Adjourned till Thursday 18 June at 9.45 am

Witnesses

Thursday 17 July 2008

Sir John Bourn KCB, former Comptroller and Auditor General, **Sir Richard Mottram GCB,** former Permanent Secretary and **Kate Jenkins**, former Senior Civil Servant — Ev 1

Thursday 16 October 2008

Zenna Atkins, Chair of Ofsted and Royal Navy Audit Committee, **Geoff Mulgan,** Director of Young Foundation, **Sir Steve Robson CB,** former Second Permanent Secretary to HM Treasury and **Matthew Taylor,** Chief Executive, RSA — Ev 18

Thursday 23 October 2008

Rt Hon David Blunkett MP, **Rt Hon Kenneth Clarke MP**, **Rt Hon Peter Lilley MP** and **Rt Hon Nick Raynsford MP**, former Ministers of the Crown — Ev 37

Wednesday 26 November 2008

Ann Abraham, Parliamentary and Health Service Ombudsman, **Steve Bundred,** Chief Executive, Audit Commission and **Tim Burr,** Comptroller and Auditor General — Ev 55

Tuesday 16 December 2008

Natalie Ceeney, Chief Executive, National Archives, **Professor Christopher Hood,** Oxford University, **Professor Colin Talbot,** Manchester University and **Professor Tony Travers,** London School of Economics and Political Science — Ev 69

Thursday 15 January 2009

Sir Michael Bichard KCB, Director, Institute for Government, **Lord Birt,** former BBC Director-General and **Lord Digby Jones**, former Minister of State for Trade — Ev 84

Thursday 26 February 2009

Rt Hon Liam Byrne MP, Minister for the Cabinet Office — Ev 103

List of written evidence

List of Reports from the Committee during the current Parliament

The reference number of the Government's response to each Report is printed in brackets after the HC printing number.

Session 2008-09

First Report	Lobbying: Access and Influence in Whitehall	HC 36
Second Report	Justice Delayed: The Ombudsman's Report on Equitable Life	HC 41
Third Report	Ethics and Standards: Further Report	HC 43 *(HC 332)*
Fourth Report	Work of the Committee in 2007-08	HC 42
Fifth Report	Response to White Paper: "An Elected Second Chamber"	HC 137
Sixth Report	Justice denied? The Government response to the Ombudsman's report on Equitable Life	HC 219 *(HC 569)*
Seventh Report	Further Report on Machinery of Government Changes	HC 540

Session 2007–08

First Report	Machinery of Government Changes: A follow-up Report	HC 160 (*HC 514*)
Second Report	Propriety and Peerages	HC 153 (*Cm 7374*)
Third Report	Parliament and public appointments: Pre-appointment hearings by select committees	HC 152 (*HC 515*)
Fourth Report	Work of the Committee in 2007	HC 236 (*HC 458*)
Fifth Report	When Citizens Complain	HC 409 *(HC 997)*
Sixth Report	User Involvement in Public Services	HC 410 *(HC 998)*
Seventh Report	Investigating the Conduct of Ministers	HC 381 *(HC 1056)*
Eighth Report	Machinery of Government Changes: Further Report	HC 514 *(HC 540, Session 2008–09)*
Ninth Report	Parliamentary Commissions of Inquiry	HC 473 *(HC 1060)*
Tenth Report	Constitutional Renewal: Draft Bill and White Paper	HC 499
Eleventh Report	Public Services and the Third Sector: Rhetoric and Reality	HC 112 *(HC 1209)*
Twelfth Report	From Citizen's Charter to Public Service Guarantees: Entitlement to Public Services	HC 411 *(HC 1147)*
Thirteenth Report	Selection of a new Chair of the House of Lords Appointments Commission	HC 985
Fourteenth Report	Mandarins Unpeeled: Memoirs and Commentary by Former Ministers and Civil Servants	HC 664 *(HC 428, Session 2008–09)*

Session 2006–07

First Report	The Work of the Committee in 2005–06	HC 258
Second Report	Governing the Future	HC 123 (C*m 7154*)
Third Report	Politics and Administration: Ministers and Civil Servants	HC 122 *(HC 1057, Session 2007–08)*

Fourth Report	Ethics and Standards: The Regulation of Conduct in Public Life	HC 121 *(HC 88, Session 2007–08)*
Fifth Report	Pensions Bill: Government Undertakings relating to the Financial Assistance Scheme	HC 523 (*HC 922*)
Sixth Report	The Business Appointment Rules	HC 651 *(HC 1087)*
Seventh Report	Machinery of Government Changes	HC 672 *(HC 90, Session 2007–08)*
Eighth Report	The Pensions Bill and the FAS: An Update, Including the Government Response to the Fifth Report of Session 2006–07	HC 922 *(HC 1048)*
Ninth Report	Skills for Government	HC 93 *(HC 89)*
First Special Report	The Governance of Britain	HC 901

Session 2005–06

First Report	A Debt of Honour	HC 735 (Cm 1020)
Second Report	Tax Credits: putting things right	HC 577 (*HC 1076)*
Third Report	Legislative and Regulatory Reform Bill	HC 1033 *(HC 1205)*
Fourth Report	Propriety and Honours: Interim Findings	HC 1119 *(Cm 7374)*
Fifth Report	Whitehall Confidential? The Publication of Political Memoirs	HC 689 *(HC 91, Session 2007–08)*