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The Centre of Government-No. 10, the Cabinet Office and HM Treasury

This Paper examines the institutional structure of the Cabinet Office, no 10 Downing Street and HM Treasury in the period since 1997, and looks at the debate about whether the Government needs a strong centre. It tracks the units which have composed no 10 and the Cabinet Office during that period. It also looks at the role of special advisers in no 10, both paid and unpaid. There is a brief commentary on the significance of the changes made under the current administration, at a point when the new Cabinet Secretary, Sir Gus O' Donnell, is considering further changes.

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Summary of main points

The organisation of Government at the centre has been the subject of some considerable interest. The debate has intensified since the election of a Labour Government in May 1997. In opposition, the Labour Party had considered the question of effective co-ordination across the centre and departments in order to deliver government policies. In office, there have been a number of initiatives designed to achieve this. These are:

- **Reform of the civil service.** There have been distinct reform programmes, beginning with the *Modernising Government* white paper in 1999, and developing into the Delivery and Values initiative associated with the former Cabinet Secretary, Sir Andrew Turnbull. The new Cabinet Secretary, Sir Gus O'Donnell, has begun a new phase with Departmental Capability Reviews, to be launched in 2006.
- **Reorganisation of the Cabinet Office.** Since 1997 there have been three phases of organisational reform. There was an initial reorganisation which took full effect in 1998. An Office of the Deputy Prime Minister was established within the Office and then became a separate Government department after May 2002. Further reorganisation took place in 2003. The changes are tracked through the annual resource accounts which provide a summary.
- **Reorganisation of the Prime Minister's office.** Reorganisations before and after the 2001 general election were designed to enhance the policy capability of no 10 Downing Street. A Chief of Staff, Jonathan Powell, was appointed, together with a Director of Communications and Strategy, Alastair Campbell, both special advisers with executive authority over civil servants. There was an increase in the number of special advisers, paid and unpaid, who worked within no 10. The Policy Unit was reconstituted and a Strategic Communications Unit created. After 2001 a Delivery Unit and Forward Strategy Unit were established, further changes were made in 2003 following the Phillis Review of Government Communications. A number of units are based in the Cabinet Office but undertake work for the Prime Minister.
- **Development of Public Service Agreements and Spending Reviews** designed to plan and control public expenditure. This was co-ordinated by HM Treasury, in contrast to the other initiatives set out above.

Commentators have assessed the changes since 1997 as enhancing policy making capacity at the centre, but have questioned whether there has been significant success in delivering joined-up government.

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I Introduction

This research paper focuses on the evolution of the Prime Minister's Office, the Cabinet Office and the Treasury. Collectively defined as the 'centre of government', a particular emphasis is placed upon the evolution of each of these institutions in the period since May 1997. It is focused on institutional history and does not look at the operation of the Cabinet. This is discussed in Library Research Paper 04/82 *The Collective Responsibility of Ministers - An Outline of the Issues*.

One set of difficulties when writing about the centre of government is identified by the academic commentators Lee, Jones and Burnham in a historical study of the issues to 1997:¹

The principles of central organization in Britain do not enjoy much public debate. Constitutional conventions on minister-civil servant relationships, and the necessities of security, have inhibited discussions of the efficiency and effectiveness of prime-ministerial institutions. There is nothing similar to the volume of literature in the United States on presidential power. There have been some books on Cabinet reform and many on prime-ministerial action, but few on principles to be followed in the 'centre of government'. The issues occasionally surface in the recurrent debate on whether or not there should be a prime minister's department. The notion of converting 10 Downing Street and the Cabinet Office into a 'prime minister's department' owes much to American literature.

Moreover, discussions about the 'centre of government' are often entwined with secondary constitutional questions, including developments in the convention of individual and collective ministerial responsibility, prime ministerial leadership style and civil service reform. The existing literature demonstrates the impossibility of separating discussion about the evolution of the centre of government from the wider reform processes occurring within government.

The remainder of this paper is divided into six parts. Part II of the paper comments on the origins of the term 'centre of government' and what is presently understood by the term. Alternative terms to the centre of government have been used and these are discussed in order to highlight the differences in view that exist as to the capacity of the centre to fulfil the functions that are often ascribed to it. Particular attention is placed upon the views of Labour Party members in opposition and the reviews conducted following the general election of May 1997. Parts III, IV, V and VI focus on the Modernising Government agenda, the Cabinet Office, the Prime Minister's Office, and the Treasury respectively and track policies and units which have been created in response to the challenge of creating a strong centre of Government.

Vernon Bogdanor has noted that "the introduction of various units and task forces in the Cabinet Office led many to worry lest Britain was moving from a system of cabinet government to one of prime ministerial or even presidential government".² The final part of

¹ J M Lee, G W Jones and J Burnham, *At the Centre of Whitehall. Advising the Prime Minister and Cabinet*, 1998, pp10

² V Bogdanor ed *Joined Up Government* British Academy Occasional Paper no 5 2005 p7

the paper summarises the debate on the success or otherwise of “joined up government” at the centre.

II Defining the structure and function of the ‘centre of government’

A. The ‘centre of government’

Academic commentators Lee, Jones and Burnham argue that there are two ways in which we can understand the development of a centre to government:

At one level of interpretation the present system can be seen as the product of two world wars. They required methods of regulating the economy and of organizing production that could not have been effected without administrative support for a prime minister and Cabinet beyond that provided through the Treasury’s annual control of public expenditure. Until 1977 there was no separate entry in the *Civil Service Yearbook* for the prime minister and his private office; before that date they were usually listed under H.M. Treasury. The powers that mattered to the prime minister in the management of his administration used to derive from his role as First Lord of the Treasury. The government had in the past used public appointments and public money to bolster its position in office. To think of the Prime Minister’s Office and the Cabinet Office as the centre is to move away from a model of Treasury influence and to emphasize the management of agenda rather than the disbursement of funds.

...Until the refurbishment of No. 10 between 1961 and 1963 there was no obvious physical location of the centre of the machine, apart from the New Public Offices under which lay the war rooms of the Churchill coalition. Today certain buildings seem to constitute a ‘nerve centre’ of power and influence.³

This follows from the observation that:

Departmental policies used to be left largely to departments. Policies that implicated other departments were coordinated through interdepartmental committees, and then decided through a hierarchical system of official, ministerial and cabinet committees at an advanced stage in the development process...But ministers themselves, as they became more familiar with governing, could resolve interdepartmental questions with their colleagues in parliamentary corridors, short-circuiting traditional procedures. Officials at the centre were less in control of decision-making processes; Cabinet Office officials now talked more about the management of information than management of the machine.⁴

Thus although the expression ‘the centre of government’ has become part of everyday language, our present understanding is a reasonably contemporary one.

³ J M Lee, G W Jones and J Burnham, *At the Centre of Whitehall. Advising the Prime Minister and Cabinet*, 1998, pp1-2

⁴, *ibid* p6

The relatively modern origin of this collective term is also reflected in recent literature which has increasingly sought to codify the particular functions of the centre. Whilst the Thatcher administration was dominated by studies examining Prime Ministerial power, analyses of the Labour government have combined this legacy with an additional focus on organisational change and it is here that the term the 'centre of government' appears to have become particularly salient.

The development of the Treasury under the long-serving Chancellor of the Exchequer, Gordon Brown, is covered only briefly in this paper, but some consideration of its role is essential. The academic commentators Lee, Jones and Burnham highlight the historical precedents for the increasing attention that has been paid to the activities of the centre of government in recent times:

The feeling that fundamental changes were under way was particularly strong in the mid-1990s when controls long exercised by the centre were relaxed. Treasury responsibilities for civil service pay and conditions of service were devolved in 1994 to departments and some agencies under the provisions of the Civil Service (Management Functions) Act 1992. Following its Fundamental Review of Running Costs by a team headed by Colin Southgate of Thorn EMI, the Treasury was told to delegate approval of civil servants' pay levels to sponsoring departments, to transfer personnel functions to the Office of Public Service and Science in the Cabinet Office, and to discontinue detailed control of departmental expenditure. A quarter of its senior staff were made redundant or moved to other departments.⁵

The implications are explored further in Part VI.

B. Defining the role of the centre: the Labour Party in Opposition

Academic commentators Richards and Smith argue that the reforms of previous Conservative administrations led to a more fundamental debate within the Labour Party on the means of achieving effective governance:

Even before the present Labour Administration entered office, a pressing issue the Party had been trying to resolve was a challenge presented in the form of governance – the perceived inability of elected governments to control and co-ordinate policy across and beyond Whitehall. In 1992, Labour accepted the governance narrative that, in the course of the previous three decades, the policy arena had become a much more crowded environment, with numerous actors competing for political space. The net effect has been the curtailment of the government's ability to maintain some semblance of control by appealing to the traditional form of governing through state hierarchies. From 1979, internal pressures, in the form of the Conservatives' attack on the state and, with it, a greater neo-liberal emphasis on markets as a form of self-regulating governance, coupled to external factors associated with increasing pressures in the form of globalization and internationalization, had concentrated Labour minds on the search for alternative models of state delivery....In opposition, Labour recognized that, at a general level, the government was seen to have lost the

⁵ J M Lee, G W Jones and J Burnham, *At the Centre of Whitehall. Advising the Prime Minister and Cabinet*, 1998, p7

ability to operate in a single, unified and co-ordinated manner across the whole policy spectrum.⁶

Richards and Smith's conclusions are echoed by Peter Mandelson who argued that if a future Labour Party was to govern effectively it would require strong leadership and a strengthened centre:

Nobody is suggesting that Tony Blair should make similar symbolic sacrifices [to Thatcher], but strong leadership at the centre is the making of any government. The machinery would happily function in neutral when left to itself, but will not move forward without strong prime-ministerial direction.

[...]The answer lies in a more formalised strengthening of the centre of government, which should not only give much-needed personal support to the prime minister (without isolating him from his colleagues) but provide the means of formulating and driving forward strategy for the government as a whole. There are three engines at the centre of government – No. 10, the Cabinet Office and the Treasury – and they need to be used together in a Blair-led government.⁷

C. Defining the role of the centre: Labour in government

One of the key statements by the Prime Minister, Tony Blair, on the role of the centre was in a press interview shortly before the 2001 General Election, in which he stated:

I remember Roy Jenkins telling me about the 1960s Labour Cabinets, when they would have Cabinet for two days. Can you imagine trying to conduct business today like that? The Government would go into freefall. I think a lot of the things that I've done – a strong centre, making sure that the writ of the Prime Minister runs throughout – I think that's just an inevitable part of modern government. I don't apologise for it at all. The crony stuff is just a piece of abuse dressed up as political argument.⁸

More than a year later, Tony Blair continued to defend the need for a strong centre in this edited exchange before the Liaison Committee:

Sir George Young

5. If Mo Mowlam has got it wrong, what about Sir Richard Packer, a former Permanent Secretary? "They have shaken up Departments and there's a lot more power at the centre. There are groups at the centre with the Prime Minister's ear...if something goes wrong, departmental responsibility is clear; but if something goes right, they read in the newspaper it is all the Prime Minister's idea"?

(*Mr Blair*) I do not accept that either! I certainly had not noticed that all the things that went wrong were never laid at my door from the media coverage I have seen, with the greatest respect. People will always say these things. If you go back in politics I think Prime Ministers fit into two categories: those that are supposed to have

⁶ S Ludlam and M J Smith (eds), *Governing as New Labour*, 2004, Chapter 6 pp106-7

⁷ P Mandelson, *The Blair Revolution Revisited*, 2002, p235-40

⁸ A Applebaum, "I am still normal", *Sunday Telegraph*, 19 March 2001

a strong centre are accused of being dictatorial; and those that do not are accused of being weak. You pay your money and you take your choice really. I think you could find similar comments like that made from former people who have worked for most Prime Ministers in the past. One thing I do say though very strongly is that I make no apology for having a strong centre. I think you need a strong centre, particularly in circumstances where, one, the focus of this Government is on delivering better public services. In other words, the public sector for this Government is not simply a necessary evil we have to negotiate with; it is at the core of what the Government is about. Therefore, delivering public service reform in a coherent way it is, in part, absolutely vital for the centre to play a role. The second thing is, in relation to foreign policy and security issues, I think again that the simple fact of the matter is that in today's world there is a lot more that needs to be done at prime ministerial level. You need, for those two reasons, a stronger centre. Before I came to the Committee, I was looking through some of the facts and figures in relation to this and we worked out that my Number 10 office has roughly the same or perhaps even fewer people working for it than the Irish Taoiseach's. To put this in context, there are far fewer people than the French Prime Minister, never mind the Elysee and the Prime Minister combined, or the German Chancellor.

Tony Wright

[...]

7. Prime Minister, with respect, you have not expanded the centre so that you can deal with correspondence have you?

(Mr Blair) No, I am giving you examples of this. The second example is in relation to foreign policy, where it is correct that we have changed and brought in, for example, Sir Stephen Wall, and Sir David Manning who are now my advisers there. That has expanded from where we were before. When I first came to office John Holmes, who was the adviser to John Major and to me, an absolutely outstanding civil servant, brilliant guy, he was literally handling all foreign policy matters, all European matters, all defence and security matters and Northern Ireland. It just is not possible to do the job effectively with that much pressure being placed on one person. In relation to policy, yes, again it is true that we have expanded the number of policy advisers, but that is because I think it is the right thing to do. I think it is important that in these big public service reform areas we are in constant dialogue, keeping up an exchange of views and partnership with the departments to drive forward the process of change. The short answer to your question is, I am not disputing the fact that we have strengthened the centre considerably; but I say that is the right thing to do; it is necessary if we are wanting to deliver the public service reform that is essential for us and given the totally changed foreign policy and security situation

8. What I want you to say is that we now have a different way of doing government here. Peter Hennessey talks about "Washington has now come to Whitehall". All the people who know about these things say something similar. Why can we not just say, there may be good reasons for having it, we have a Prime Minister's Department. The fact you have come here today means we are moving towards a Prime Minister's Department. Why be so coy about it?

(Mr Blair)[...] I think we need to get this in context. Strengthening the centre, yes. That is not an admission; I am openly avowing that. I am saying this is the right thing to do. The reasons for it are as I say. There is another thing, I have never really discussed this in detail with former Prime Ministers, maybe I should one of these days, but I cannot believe there is a single Prime Minister (and some of you around this table have experience of them) who has not wanted the Prime Minister's writ to

run. I cannot believe there is a Prime Minister sitting in Downing Street saying, "Let them just get on with it, I don't mind much". It is not the real world. The real world is that with the Prime Minister the buck stops with you; that is the top job and that is how it should be. As I say, I think there are very particular reasons why the centre has been strengthened in this way. Future Prime Ministers may decide to do it differently, but I have a kind of hunch that most Prime Ministers will want to keep that strength in the centre.⁹

A similar defence of Mr Blair was made by Peter Mandelson when he revisited his original publication of 1996, *The Blair Revolution*:

When, after the 2001 election, the Prime Minister brought in more people to deal with strategic policy-making, some in the press reacted with sneers about 'cronies'. They missed the point. Tony Blair does not appoint chums because he wants a friendly face around him: he recruits qualified individuals from outside the established machine in order to introduce some raw talent to the government's operation. They are now making precisely the difference that was anticipated.¹⁰

However, the Prime Minister defined a more differentiated role for the centre in a speech delivered at the Docklands on 24 February 2004:

Organisations in the business sector have changed dramatically in the last two decades, with the centre becoming smaller, more strategic and more intelligent. Its function is to develop strategy, monitor performance and intervene only when it needs to. It needs to learn fast and exploit the opportunities of the rapidly changing world which I have described. To do so, it needs to be constantly in touch not just with the frontline but with the customers it serves.

There are clear implications here for government. Many government departments have a function similar to those of a headquarters of a major business operation. They are not identical - democracy ensures that - but the changes they need to make are very similar. In our first phase of reform it was necessary to drive it substantially from the centre in order to address a legacy of under-investment and uneven outcomes. Literacy in primary schools is a good example. But as standards rise and reform becomes more strategic so our approach to delivery is changing.

[...]

Just as this argument applies to each department as the centre of a given service, so it also applies to the centre of government itself. It was right for example to cut the Cabinet Office budget significantly last year. We have some distance to go to develop the small strategic centre implied by major business transformations but the direction we're headed is already clear.¹¹

Since May 1997, Sir Robin Butler (1988-January 1998), Sir Richard Wilson (January 1998-September 2002), Sir Andrew Turnbull (September 2002-July 2005) have held the position of Secretary of the Cabinet and Head of the Home Civil Service. On 1 August 2005 Sir Gus O'Donnell, previously Permanent Secretary at HM Treasury, became the next office holder.¹²

⁹ Liaison Committee, *The Prime Minister*, 16 July 2002, HC 1095 2001-02, Q5, 7 and 8, pp3-4

¹⁰ P Mandelson, *The Blair Revolution Revisited*, 2002, pxxxiii

¹¹ <http://www.number-10.gov.uk/output/Page5399.asp> at 4 July 2005.

¹² <http://www.number10.gov.uk/output/Page7658.asp> at 29 June 2005.

Sir Richard Wilson set out the civil service understanding of the role of the centre in a guide published in 2001:

The role of the centre has been evolving continuously over many years in response to the needs of different times and Governments, and will continue to evolve.

Some activities – for instance the control of public expenditure and the provision of support to Cabinet and collective government – are of long standing, although the way in which they are performed may change. Others are a response to more recent developments such as the growing demand for better public services and the rapid development of new technology.

These changes require new ways of dealing with policy issues that cut across departmental boundaries and new ways of strengthening departmental delivery.¹³

The differentiated role of the centre was also identified in a Performance and Innovation Unit Discussion Paper written by Geoff Mulgan and Andrea Lee, *Better Policy Delivery and Design*:

36. There are some cases where such prescription is justified: where there is clear evidence that one procedure works best – as in the case of the Literacy Hour, or the recommendations of NICE based on medical trials – then it may be legitimate to prescribe in detail whilst still offering the right balance of support. In other cases however, where there isn't a sufficient knowledge base, central prescription will tend to lead to worse, rather than better results.¹⁴

The paper referred to six case studies to illustrate the varied experience of delivery in practice and by extension the differing extent of intervention by the centre¹⁵. Further information on the components of an effective centre of government were detailed in the document, *Civil Service Reform: Delivery and Values*. It defined the role of the centre as follows:

6.9 For the UK, the centre of government is No.10, the Cabinet Office and HM Treasury. Between them they need to provide the Government as a whole with:

- leadership and strategy;
- guardianship of values and propriety;
- effective co-ordination; and
- development of capacity.¹⁶

¹³ Cabinet Office and HM Treasury, *Guide to the Centre of Government*, January 2001, Foreword by the Head of the Home Civil Service: The Changing Role of the Centre

¹⁴ Performance and Innovation Unit (G Mulgan and A Lee), *Better Policy Delivery and Design: A Discussion Paper*, January 2001, p12

¹⁵ Performance and Innovation Unit (G Mulgan and A Lee), *Better Policy Delivery and Design: A Discussion Paper*, January 2001, p21. For further information, refer to: Performance and Innovation Unit (G Mulgan and A Lee), *Better Policy Delivery and Design: A Discussion Paper*, January 2001, pp12-18 and 22-38

¹⁶ Cabinet Office, *Civil Service Reform Delivery and Values*, 24 February 2004, pp24-5

This was an ambitious role for the centre. Vernon Bogdanor noted how the Blair Government sought to implement a programme of joined-up government on a much more ambitious than anything implemented thereto.¹⁷

III Policy Reform: Modernising Government and the Service Delivery Agenda

Evidence of attempts to strengthen the centre can be seen in several different aspects of Labour's reform programme since 1997. The academic commentators Richards and Smith have argued that these reforms can be divided into two distinct stages: stage one (1997-99), where the emphasis was on achieving joined-up government; and stage two (1999-present), where the focus has been on improved policy delivery.¹⁸

A. Modernising Government

The Government's vision for the centre and for civil service reform was set out in a white paper. Originally entitled "Better Government" with a scheduled publication date of autumn 1997, the *Modernising Government* white paper was finally published on 30 March 1999.¹⁹ The 2001 Cabinet Office Departmental Report summarised the vision of the Modernising Government agenda as follows:

The heart of the programme is [about] delivering better results, and more responsive and high quality public services that match what people need. There is a focus on users rather than organisational structures, and applying new technology to make government simpler and more accessible.

Modernising Government commitments are now embedded in departments' new Public Service and Service Delivery Agreements for 2001-04.²⁰

Identifying that "some parts of the public service are as efficient, dynamic and effective as anything in the private sector. But others are not" the white paper listed six problems with the way in which government operated and proposed a programme of reforms focused around five key commitments and three aims.²¹ The white paper aimed: to deliver more joined-up and strategic policy making; to make sure that the focus was on public service users not providers; and to deliver high quality and efficient public services.²² These aims were augmented by five key commitments which were: better policy making; responsive public services; high quality public services; information age government and valuing public

¹⁷ V Bogdanor ed *Joined Up Government* British Academy Occasional Paper no 5 2005 p7

¹⁸ S Ludlam and M J Smith (eds), *Governing as New Labour*, 2004, p108

¹⁹ *Modernising Government* Cm 4310, March 1999 R A W Rhodes, "New Labour's Civil Service: Summing-up Joining-up", *Political Quarterly* April 2000, p151. See also: HC Deb 30 March 1999 cc859-71; HC Deb 9 December 1999 cc281-325WH

²⁰ *Departmental Report 2001: The Government's Expenditure Plans 2001-02 to 2003-04 and Main Estimates 2001-02* Cm 5119, May 2001, p21

²¹ For the list of the problems with the current way in which government operates, refer to: *Modernising Government* Cm 4310, March 1999, p11

²² *Modernising Government* Cm 4310, March 1999, p6

service.²³ Detailed proposals were contained in five chapters, each chapter focusing on one of the key commitments.

The academic commentator Norman Flynn summarised the white paper's proposals as follows:

Some of the items in the list are novel, such as the idea of a national focus group or 'People's Panel' of 5,000 people who will be asked for their views about public services, more use of telephone access services (NHS Direct and Employment Service Direct) and the establishment of new institutions, such as the Centre for Management and Policy Studies. Since the White Paper was delayed, many of these novelties were being implemented by the time it was published. Other items are a continuation of previous policies, such as resource accounting and budgeting, an eclectic approach to service quality initiatives and the three-year indicative budgets. In between there are policies that are slightly modified from previous practice, such as rebranding the Citizen's Charter as Service First and changing the procedure for accreditation, a more pragmatic approach to out-sourcing, and the adoption of Public Service Agreements as definitions of service standards.²⁴

However, it is important to recognise that the commitments contained in the white paper informed a much wider programme of reform, which is reflected in a number of additional publications and initiatives which were introduced under the Modernising Government banner. Examples of some of the publications developed on the basis of the White Paper include: *Professional Policy Making for the Twentieth Century* (September 1999) and *Wiring It Up* (January 2000).²⁵

The white paper also formed the basis for the programme of Civil Service reform presented to the Prime Minister by the Cabinet Secretary, Sir Richard Wilson, in December 1999. By March 2000, action plans detailing how each department would deliver the commitments contained in Sir Richard's report and the Modernising Government agenda more generally were brought together and published. There were also two follow up publications that marked specific progress against the original White Paper: *The Modernising Government Action Plan* (July 1999) and the *Modernising Government Annual Report* (September 2000).

A number of Ministerial and official networks were established at the centre of government "to ensure effective communication with departments and the modernising government agenda".²⁶ At the Ministerial level, the Minister for the Cabinet Office held day to day responsibility for the reform programme, chaired a Cabinet Committee and made regular progress reports to the Prime Minister.²⁷ At an official level, responsibility for implementation was shared between existing networks and new ones. At the highest level, responsibility

²³ *Modernising Government* Cm 4310, March 1999, p7

²⁴ N Flynn, "Modernising British Government", *Parliamentary Affairs*, Vol 52 No 4, October 1999, p585

²⁵ Cabinet Office and HM Treasury, *Guide to the Centre of Government*, January 2001, pp29-30; Cabinet Office, *Professional Policy Making for the Twentieth Century: Report by the Strategic Policy Making Team*, September 1999; Cabinet Office, *Wiring It Up – Whitehall's Management of Cross-Cutting Policies and Services*, January 2000

²⁶ Cabinet Office and HM Treasury, *Guide to the Centre of Government*, January 2001, pp25-6

²⁷ Cabinet Office and HM Treasury, *Guide to the Centre of Government*, January 2001, pp29-30

was held by Civil Service Corporate Management Command, which consisted of the Permanent Secretaries Group and the Civil Service Management Board

Beneath the Civil Service Corporate Management Command, the Modernising Government Project Board was created with a specific remit to oversee effective implementation of the reform programme.²⁸ The Board was further divided into a number of Groups, which were then further divided into a number of interdepartmental networks. Hence, the Modernising Public Services Group was assisted by a number of additional interdepartmental networks including the: Consumer Champions Group; People's Panel Support Group; Service Action Team Steering Group; Interdepartmental Group on the responsive/quality public services agenda (Service First and Charter issues); Excellence Model network; Better Quality Services Managers Group; Electronic Services Delivery Group; Information Age Champions Group; and the Regulation Group (a network of departmental Regulatory Impact Units). Many of these work streams and projects also had their own networks.²⁹

Although there was recognition that "achieving the objectives of Modernising Government means more than activity by the centre", neither the white paper nor the Action Plan discussed what role the centre should play in the reform programme. However, both of these documents did establish a framework which the Performance and Innovation Unit Report, *Wiring It Up* used in its discussion of the role of the centre in promoting joined up policy making.

B. Joined up Government

Developing "joined up policy making for joined up services" was one of the distinctive strands of the *Modernising Government* white paper with its repeated references to holistic governance and joined up government.³⁰ The focus that the white paper placed on developing a framework which government could use to effectively coordinate its activity reflected a widely held belief that recent reforms in the public sector had unintentionally led to institutional fragmentation.³¹ Fragmentation was seen to be a threat to competent policy making and effective service delivery.

The *Modernising Government* white paper identified the impact of fragmentation on service delivery as follows:

3. There are many barriers to providing services in the way people want them. The separation of government into different units – though necessary for administrative purposes – often means that people do not receive services in a co-ordinated way or

²⁸ A list of members of the Modernising Government Project Board can be found in: Cabinet Office, *Modernising Government Action Plan*, July 1999, p22

²⁹ The *Guide to the Centre of Government* identified the following networks in addition to those already detailed as being connected with Civil Service Reform whilst also being coordinated by Civil Service Corporate Management Command: Personnel Directors Group (divided into PDG Main and PDG Small); the EU Awareness Network; the Fast Stream Pay monitoring group; the Internal Communications Network; the Recruitment Network; the network of Departmental Interchange Manager; Principal Finance Officers; the Heads of Accountancy Profession; and the Resource Accounting and Budgeting Implementation Group.

³⁰ http://www.open.gov.uk/co/scsg/conference/pm_xscript.htm at 5 January 1999; *Modernising Government Cm* 4310, March 1999, pp6, 7, 10-11, 15, 16, 20, 23, 24, 27, 32, 33, 40, 45, 46, 53, 56

³¹ R A W Rhodes, "New Labour's Civil Service: Summing-up Joining-up", *Political Quarterly*, April 2000 p156

that they receive multiple visits from different agencies. Individual agencies' performance targets and budgets can get in the way of them working together. Audit and inspection processes may hinder cross-cutting work (see chapter 4). Different government offices are often situated a long way apart from one another, and attempts to bring them together can be hampered by rules and regulations. And the multiplicity of administrative burdens across the country can lead to inefficiency, complication and confusion.³²

The message of the white paper was clearly articulated in a schematic diagram which highlighted the number of different agencies and organisations that a person needing long-term domiciliary care may need to contact.³³

The white paper also identified institutional fragmentation as a barrier to effective policy making. The 1999 Cabinet Office document, *Professional Policy Making for the Twentieth Century: Report by the Strategic Policy Making Team* implicitly identified some of the problems of fragmentation when it stated that joined up working should be a standardised characteristic of 'modern' policy making.³⁴

However, some of these problems had already been identified. Writing in 1993, the Cabinet Secretary, Sir Robin Butler, warned that fragmentation should not "reach the point where individual Departments and their Agencies become simply different unconnected elements in the overall public sector, with...no real working mechanisms for policy coordination".³⁵ Sir Robin commented in October 1998 on his retirement from the Cabinet Office:

Coming back to the Cabinet Office after ten years, I do worry that the management reforms of the last decade may have focused our energies very much on particular objectives, particular targets, performance indicators in return for resources and delegations. And that we have in some measure taken our eye off what we used to be good at – and still can do – which is working more corporately across the boundaries. And it may be, and I'd regret it, that the personnel reforms that we have introduced have also given people a sense that they work more for Departments rather than for the wider Civil Service.³⁶

As well as identifying the impact of the managerial reforms of previous Conservative administrations on policy making, the *Modernising Government* white paper also noted the accountability difficulties inherent in a joined up approach:

5. Ministers are individually and collectively accountable to Parliament for the work of government. Too often, the work of Departments, their agencies and other bodies has been fragmented and the focus of scrutiny has been on their individual achievements rather than on their contribution to the Government's overall strategic purpose. Policies too often take the form of incremental changes to existing systems, rather than new ideas that take the long-term view and cut across organisational

³² *Modernising Government* Cm 4310, March 1999, p23

³³ *Modernising Government* Cm 4310, March 1999, p24

³⁴ Cabinet Office, *Professional Policy Making for the Twentieth Century: Report by the Strategic Policy Making Team*, September 1999, chapter nine and annexes A and B

³⁵ R Butler, "The Evolution of the Civil Service", *Public Administration*, 1993 p404

³⁶ http://www.open.gov.uk/co/scsg/conference/rw_xscript.htm at 5 January 1999.

boundaries to get to the root of a problem. The cultures of Parliament, Ministers and the civil service create a situation in which the rewards for success are limited and penalties for failure can be severe. The system is too often risk-averse.³⁷

Early attempts at joined up government were detailed in the white paper. They included: the Social Exclusion Unit, the Women's Unit, the Performance and Innovation Unit (PIU), the UK Anti-Drugs Co-ordinator, the Small Business Service, the cross-cutting reviews of the Comprehensive Spending Review, coordinated work across central and local government on the crime reduction programme, joint planning and management of the criminal justice system (between the Home Office, the Lord Chancellor's Department and the Crown Prosecution Service) and the appointment of a joint programme director and cross-Board level representation at Customs & Excise and Inland Revenue.³⁸ A number of area-based programmes, such as the action zones established in health and education, and group-focused programmes such as the Better Government for Older People pilot are also representative of the joined up approach.³⁹

C. Wiring it up

It was however, the Performance and Innovation Unit that was given the ultimate responsibility of reporting on the "accountability and incentives framework" required to ensure effective joined-up government.⁴⁰ The scheduled publication date of summer 1999 was revised to October in the Modernising Government Action Plan but it was not until January 2000 that the PIU finally published *Wiring It Up*.⁴¹ A sister report to *Wiring It Up* named *Adding It Up* was published on the same day.⁴² *Adding It Up* examined how central government could improve its use of statistical modelling techniques to assist with evidence-based policy making. Confirming publication of the reports, the Prime Minister commented that:

The two reports are key elements of the Modernising Government agenda for better policies and better services. They set out a blueprint for joined-up policy making and service delivery supported by evidence-based analysis.⁴³

A 62 page report detailing the progress that had been achieved against each of the 42 recommendations contained in the *Wiring It Up* was published in 2001.⁴⁴

Wiring It Up noted that although Whitehall structures had their advantages, they could also have the effect of inhibiting effective cross-departmental working because of:

³⁷ *Modernising Government* Cm 4310, March 1999, p16

³⁸ Cabinet Office, *Modernising Government Action Plan*, July 1999, pp17-8

³⁹ R A W Rhodes, "New Labour's Civil Service: Summing-up Joining-up", *Political Quarterly*, April 2000, p155

⁴⁰ *Modernising Government* Cm 4310, March 1999, p18

⁴¹ Original publication date found in: *Modernising Government* Cm 4310, March 1999, p18. Revised publication date found in: Cabinet Office, *Modernising Government Action Plan*, July 1999, p8

⁴² *Adding it Up* January 2000

⁴³ HC Deb 13 January 2000 c221W

⁴⁴ Cabinet Office and Her Majesty's Treasury, *Wiring It Up: A Progress Report to the Prime Minister*, 2001 <http://archive.cabinetoffice.gov.uk/servicefirst/2001/joinedup/Wiring%20It%20Up%20Progress%20Report%2024%20Aug.doc>

- Policy makers taking too narrow a view of the issues.
- Weak or perverse incentives for cross-cutting working.
- A lack of capacity for cross-cutting working.
- Failure by the centre to promote the benefits of effective cross-cutting working.⁴⁵

Whilst recognising that cross-cutting approaches would not be appropriate in all circumstances, the aim of *Wiring It Up* was to “put into place a decision-making framework to help civil servants and Ministers to identify: when a cross-cutting approach could be worthwhile; and the right kind of cross-cutting intervention”.⁴⁶ The report recommended action in six key areas, each of which became a chapter of the report within which the detailed proposals were contained:

stronger leadership from Ministers and senior civil servants to create a culture which values cross-cutting policies and services, with systems of rewards and recognition that reinforce desired outcomes;

Improving policy formulation and implementation to take better account of cross-cutting problems and issues, by giving more emphasis to the interests and view of those outside central Government who use and deliver services;

equipping civil servants with the skills and capacity needed to address cross-cutting problems and issues;

using budgets flexibly to promote cross-cutting working, including using more cross-cutting budgets and pooling of resources;

using audit and external scrutiny to reinforce cross-cutting working and encourage sensible risk-taking; and

using the centre (No. 10, the Cabinet Office and the Treasury) to lead the drive to more effective cross-cutting approaches wherever they are needed. The centre has a critical role to play in creating a strategic framework in which cross-cutting working can thrive, supporting departments and promoting cross-cutting action whilst intervening directly only as a last resort.

The central message of the report is that simply removing barriers to cross-cutting working is not enough: more needs to be done if cross-cutting policy initiatives are to hold their own against purely departmental objectives. There is no simple or standard answer.

The solution in any particular case needs to be tailor made and based on a thorough analysis of the problems in that particular case. Solutions can include cross-cutting Public Service Agreements (PSAs) and changes to budgetary arrangements, but they need not. A number of alternative approaches are described in this report.

Creating the right environment in which these solutions can work is critical, and the signals which Ministers give civil servants about the priority they wish to be given to cross-cutting approaches is the key to it all.

The report also identified a number of incentives that could be used to promote joined up approaches. They included pooled budgets, a specific fund for cross-cutting initiatives, and joint Public Service Agreements (see Part VI below for more detail about PSAs).

⁴⁵ Cabinet Office and Her Majesty's Treasury, *Wiring It Up: A Progress Report to the Prime Minister*, 2001, p5

Unlike the *Modernising Government* white paper, *Wiring It Up* identified a particular role for the centre in promoting cross-cutting work in government. The report recognised that the centre “has not traditionally been proactive in promoting cross-cutting policy formulation and service delivery” but it concluded that it would have an important role to play in ensuring the successful delivery of joined up services.⁴⁷ It stated that that the centre should be responsible for:

- articulating corporate goals and cross-cutting objectives and securing buy-in to them from departments and deliverers;
- making sure that effective performance management and information systems are in place to allow progress towards corporate goals and cross-cutting objectives to be monitored effectively;
- identifying where important cross-cutting links are not being made, or best practice is not being spread, and challenging those shortcomings;
- sorting out conflicts of priorities where these threaten delivery of corporate goals and cross-cutting objectives;
- setting budgets, so that the resources of the organisation as a whole are devoted to the right activities to deliver corporate goals and cross-cutting objectives; *but*
- intervening directly only as a last resort where value can be added.⁴⁸

Direct intervention was discouraged but was recognised as necessary in limited circumstances:

11.2 The centre (No 10, the Cabinet Office and the Treasury) also has an important role to play in promoting cross-cutting working. However, this needs to be carefully framed; a vital lesson from the private sector is that the centre of any organisation can destroy value as a result of the wrong sort of intervention more easily than it can add value as a result of the right sort of intervention (box 11.1) The centre should only intervene where cross-cutting working is difficult to initiate or sustain without central intervention and the activity is crucial to the organisation’s overall objectives.⁴⁹

[...]

11.4 Principles to guide intervention by the centre include:

- the need to be selective about where and how to intervene;
- the need to appraise the potential impact of any central intervention before embarking on it;
- the need for the centre to recognise its limitations and to draw on expertise from departments and elsewhere when needed;
- the need to look to service deliverers and end-users to signal where there are existing (or potential) failures to work cross-departmentally; and
- the need to evaluate the effectiveness of different interventions and use the lessons learned to do it better next time round.⁵⁰

The PIU Report therefore identified an important role for the centre “in setting the right strategic framework, supporting departments and promoting cross-cutting action whilst intervening directly only as a last resort”.⁵¹ But effective implementation of its

⁴⁶ *ibid* p5

⁴⁷ Cabinet Office and Her Majesty’s Treasury, *Wiring It Up: A Progress Report to the Prime Minister*, 2001, p14

⁴⁸ *ibid*

⁴⁹ Cabinet Office, *Wiring It Up: January 2000*, pp61-3

⁵⁰ *ibid*, pp61-3

⁵¹ *ibid*, p61

recommendations would depend on clear communication between departments and the centre:

At present, the precise role of, and relationship between, No 10, the various parts of the Cabinet Office (including the Centre for Management and Policy Studies and the Civil Service Management Board) and the Treasury, can be obscure to staff in departments and beyond.

[...]

Conclusion 42: the central departments should prepare and circulate a short guide setting out the roles of the different players at the centre, how they work together and how they relate to departments.⁵²

This recommendation was fulfilled in January 2001 with the publication of a *Guide to the Centre of Government*, a joint Treasury/Cabinet Office guide.⁵³ It has not been updated since and it is now archived on the Cabinet Office website.

D. Service Delivery: the Office for Public Service Reform, the Prime Minister's Delivery Unit and the Strategy Unit

The Government planned to achieve the five commitments contained in the *Modernising Government* agenda over a ten year period.⁵⁴ Following the 2001 general election, however, the Prime Minister announced a second phase of reform distinct from but building on the *Modernising Government* agenda. The new priority was delivery. The Cabinet Office website described the change in approach as follows:

Where we are now

Following the election in 2001, the Prime Minister said, "We have been given a clear instruction to deliver by the electorate."

Thus delivery of better, modern public service is the Government's **key** priority for its second term. This is not easy; one commentator has said, "There is no drama in delivery...only a long, grinding haul punctuated by public frustration with the pace of change." Failure will not be tolerated, nor will mediocrity.⁵⁵

Service delivery was also discussed in advance of the general election in the PIU Discussion Paper, *Better Policy Delivery and Design*. Published in advance of a seminar hosted by the Unit on 23 January 2001, the paper discussed how models of delivery have changed, how to achieve effective management of delivery and how much control should be exercised by the centre during delivery.⁵⁶

⁵²ibid p65

⁵³ Cabinet Office and HM Treasury, *Guide to the Centre of Government*, January 2001, pp30-1

⁵⁴ Cabinet Office and HM Treasury, *Guide to the Centre of Government*, January 2001, Cabinet Office, *Modernising Government Action Plan*, July 1999, p22

⁵⁵ Peter Riddell cited in Committee on Standards in Public Life, *Defining the Boundaries within the Executive: Ministers, Special Advisers and the Permanent Civil Service*, 8 April 2003, p18

⁵⁶ Performance and Innovation Unit (G Mulgan and A Lee), *Better Policy Delivery and Design: A Discussion Paper*, January 2001, p3

The “huge currency” of the word ‘delivery’ and its wide deployment was noted by the Committee on Standards in Public Life in its Ninth Report, *Defining the Boundaries within the Executive*.⁵⁷ Various reasons for the increased use of this term were noted in the Committee’s Report.⁵⁸ Peter Riddell suggested that the change had:

begun a “decade or more ago” with the introduction of charters and national standards. Post 1997, the point had been reached where “the state had been more interventionist”. This changes the role of the Civil Service:

They are expected not just to be the people who advise on policy, but also to be more actively involved in using outcomes at a local level, which was not true...in the post-war settlement.⁵⁹

This second phase of public sector reform also led to significant institutional change in the Cabinet Office. In June 2001 two new units – the Prime Minister’s Delivery Unit and the Office of Public Service Reform – were established in the Cabinet Office. Further information on both of these units can be found in Part IV of this Paper. At the same time, the responsibilities of the Modernising Public Services Group in the Cabinet Office, which had been responsible for the implementation of the first phase of public sector reform, was transferred to other units in the Cabinet Office. The following section from the Cabinet Office website details the changes:

The Government’s priority for the first term is to improve public service delivery and reform public services. This work is supported by the Prime Minister’s Delivery Unit and the Office of Public Service Reform, both set up in June 2001 and located in the Cabinet Office, helping to create a strong strategic centre of Government. These new units together, with the Government Offices for the Regions, will help deliver improved service delivery on the ground.

Improving public services builds on the work in the first term to modernise and reform central Government. The Modernising Government reform programme was defined in the White Paper in 1998 and implementation was supported by the Modernising Public Services Group in the Cabinet Office. The work of this Group is now being taken forward by other Units in the Cabinet Office (see list below) as part of the overall public sector improvement programme.

Aspect of the Modernising Government reform programme	Unit or Section that is now taking this issue forward
Executive agency policy including the Chief Executive’s Conference	Civil Service Corporate Management and Reform, Performance Management Directorate
Executive agency policy review	Office of Public Services Reform
Invest to Save Budget	Office of Public Services Reform
Risk Management	Regulatory Impact Unit

⁵⁷ Committee on Standards in Public Life, *Defining the Boundaries within the Executive: Ministers, Special Advisers and the Permanent Civil Service*, 8 April 2003, pp17-8

⁵⁸ David Hencke cited in Committee on Standards in Public Life, *Defining the Boundaries within the Executive: Ministers, Special Advisers and the Permanent Civil Service*, 8 April 2003, pp17-8

⁵⁹ Peter Riddell cited in Committee on Standards in Public Life, *Defining the Boundaries within the Executive: Ministers, Special Advisers and the Permanent Civil Service*, 8 April 2003, p18

	Performance and Innovation Unit
SR 2002 and PSX co-ordination across Cabinet Office	Office of the Deputy Prime Minister's Central Policy Group
Performance Measurement	Cabinet Office involvement discontinued
Better Quality Services	Discontinued central Cabinet Office role – Departments may continue to use BQS as a management tool as they judge appropriate
Good Practice Database, European benchmarking, good practice networks, learning labs, consultation and access	Centre for Management and Policy Studies
People's Panel, successor arrangements and consumer champions	Office of Public Services Reform
Chartermark, Central Government Beacon Scheme, TNT Award Scheme and Public Servant of the Year	Charter Mark and Beacon Unit
Promotion of quality schemes including EFQM	Centre for Management and Policy Studies

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This table was last updated on 10 May 2002 and since there have been further transfers of responsibility and structural changes in the Cabinet Office. The most significant changes have been identified in Part IV.

The evolution of the Delivery and Reform Programme is more difficult to track than that of the Modernising Government Agenda for two main reasons the main one being the lack of a white paper underpinning the Delivery and Reform Programme. Instead this has developed out of a number of speeches, statements and policy papers.⁶¹ A secondary factor is the way in which many initiatives have evolved out of the Modernising Government agenda.

It is nevertheless possible to identify some of the most important components of the Delivery and Reform programme which include: the Prime Minister's four principles of public service reform; the Civil Service Reform programme; Andrew Turnbull's vision for the Civil Service; the Delivery and Reform Team at the Cabinet Office and Public Service Agreements. As a minimum, the Civil Service reform programme and Public Service Agreements have been carried over from Modernising Government to the Delivery and Reform Programme, although neither policy has remained static in the way that they have been applied since their inception.

⁶⁰ http://archive.cabinetoffice.gov.uk/moderngov/new_modgov.htm at 7 June 2005.

⁶¹ Five of the most important statements of what is meant by the Delivery and Reform programme can be found at: <http://www.pm.gov.uk/output/Page1592.asp> at 28 September 2005; <http://www.pm.gov.uk/output/Page1594.asp> at 28 September 2005; <http://www.pm.gov.uk/output/Page1632.asp> at 28 September 2005; <http://www.labour.org.uk/news/tbpublicservices0604> at 28 September 2005; Office of Public Services Reform, *Reforming our public services – Principles into practice*, March 2002.

E. Reform of the Civil Service

Effective reform of the Civil Service was one of the five commitments of the *Modernising Government* white paper. The desire to reform was certainly not new. *Civil Service Reform*, which was in itself a new reform programme launched in February 2004, identified at least three previous reform drives following the Fulton Report of 1968, including: The Financial Management Initiative (1986) which sought to improve the allocation, management and control of resources; Improving Management in Government: the Next Steps Agencies programme which announced that much of the executive work of Government should be devolved to agencies; and *Continuity and Change* (1994) and *Taking Forward Continuity and Change* (1995) which proposed the establishment of the Senior Civil Service in 1996, the promulgation of the Civil Service Code, and an enhanced role for the Civil Service Commissioners in recruitment and selection on merit.⁶² Speaking in October 2004, Sir Andrew Turnbull, then Head of the Home Civil Service and Cabinet Secretary, defended the need for change in the service:

Change is needed, not because we are an unsuccessful organisation, but because we are a national asset with huge power to improve both the competitive strength of the economy and to raise the quality of life in society. And because the demands upon us and the expectations of us are rising, and the pressure to perform better is remorseless.⁶³

The Government's intention to reform the civil service was first announced in a speech delivered by the Prime Minister at the first Senior Civil Service Conference on 13 October 1998. Speaking to 500 civil servants at the Business Design Centre in London, the Prime Minister established a platform for discussion on its future:

Above all, the Civil Service is too risk averse. We need to encourage innovation. There need to be more incentives for trying out new ways of doing things.

Reinventing government to remedy these failures is a key part of our constitutional reform agenda. Like other constitutional reforms, it will be difficult. But it is crucial if we are to modernise our country.

Modernisation is our fundamental aim. We want a modern Britain; a Britain that is strong and fair. Modernisation for a purpose.⁶⁴

The Prime Minister also identified seven challenges that the Service would need to face in the coming year. They were:

- Implementing constitutional reform in a way that preserves a unified civil service and ensures close working between the UK government and the devolved administrations.
- Getting staff in all Departments to integrate the EU dimension into policy thinking.

⁶² Cabinet Office, *Civil Service Reform Delivery and Values*, 24 February 2004, p7

⁶³

http://www.civilservice.gov.uk/improving_services/delivery_and_reform/publications/doc/PSGspeakingnotes.doc at 5 July 2005.

⁶⁴ http://www.open.gov.uk/co/scsg/conference/pm_xscript.htm at 5 January 1999.

- Focusing work on public services so as to improve their quality, make them more innovative and responsive to users and ensure that they are delivered in an efficient and joined up way.
- Creating a more innovative and less risk-averse culture in the civil service.
- Improving collaborative working across organisational boundaries.
- Managing the civil service so as to equip it to meet these challenges.
- Thinking ahead strategically to future priorities.⁶⁵

On 26 January 1999, at the Charter Mark Award Ceremony, the Prime Minister gave a further speech on Civil Service reform in which he sought to create a dialogue on public sector reform.⁶⁶ Two months later the *Modernising Government* white paper was published, with effective reform of the civil service one of its five commitments. The paper drew attention to the newly formed Civil Service Management Committee of Permanent Secretaries and identified its role in developing:

a more **corporate approach** to achieving cross-cutting goals and providing the **leadership** needed to drive cultural change in the civil service. One of its tasks will be to ensure that the principles of better policy making are translated into staff selection, appraisal, promotion, posting and pay systems.⁶⁷

The Modernising Government Action Plan also identified reform of the service as a priority for the centre and one of five “strategic drivers which will be crucial to the success of the [Modernising Government] programme”.⁶⁸ It confirmed that:

The CS Management Committee will develop a more cross-cutting approach to achieving cross-cutting goals and provide the leadership needed to drive cultural change in the civil service. It will ensure that the principles of better policy making are translated into staff selection, appraisal, promotion, posting and pay systems. The key mechanism for this will be four groups set up [in April 1999] to examine ‘vision and common principles’, ‘bringing in and bringing on talent’, ‘performance management’ and ‘diversity’. The outcome of their work will form a major part of the report on modernisation of the civil service due in the autumn (action point 57). Central government will be working with the public sector, including local government, the armed forces, the health service, education, to ensure that the principles set out in the Modernising government White Paper become an integral part of the way the public sector is managed.⁶⁹

1. The Wilson reforms

On 30 September 1999, the Cabinet Secretary, Sir Richard Wilson, chaired a two day meeting of Permanent Secretaries at Sunningdale. Shortly after the Sunningdale meeting, Sir Richard Wilson launched a six month consultation exercise. The purpose of the consultation was to ask staff “for their views on the direction and sense of purpose the civil

⁶⁵ *Modernising Government* Cm 4310, March 1999, p56

⁶⁶ <http://www.number10.gov.uk/output/Page1273.asp> at 29 June 2005; *Modernising Government* Cm 4310, March 1999, p56

⁶⁷ *Modernising Government* Cm 4310, March 1999, p20

⁶⁸ Cabinet Office, *Modernising Government Action Plan*, July 1999, p2

⁶⁹ Cabinet Office, *Modernising Government Action Plan*, July 1999, p18

service needs to succeed in the new Millennium".⁷⁰ The outcome of the consultation was used to formulate the final version of the vision and values underpinning the work of the Service. Confirming the importance of the consultation, and by implication the wider civil service reform programme, Sir Richard Wilson stated that "there has never been a more important time for the Civil Service to make its voice heard and I would like as many Civil Servants as possible to take part and have their say on the future of the service".⁷¹

Two months later, on 15 December 1999, Sir Richard Wilson published a report to the Prime Minister on Civil Service Reform. The four reports of the sub-groups established in April 1999 were published at the same time. Outlining a five year programme of action that had been agreed by the Permanent Heads of departments at the Sunningdale meeting, the Prime Minister endorsed Sir Richard's report in the following response:⁷²

Dr. Godman: To ask the Prime Minister if he has received the substantive report on progress in modernising the Civil Service which was promised in the "Modernising Government" White Paper; and if he will make a statement. [102987]

The Prime Minister: I am very pleased to be able to report that the Head of the Home Civil Service, Sir Richard Wilson, has sent me his report on Civil Service reform.

The world in which the Civil Service operates is changing. Information technology, the media, electronic communications, Europe, modernisation of the constitution, and public demand for higher quality services are all changing fast, and the Civil Service needs to change too.

Sir Richard and his colleagues have set out an excellent and exciting programme, which I fully endorse. It is designed to ensure that the Civil Service is fully equipped to deliver the Modernising Government agenda, and to meet the challenges of the 21st century. A Modernisation Fund of £100 million over two years has been set up to support the programme. Sir Richard and his colleagues will be leading these changes with the full support of the Government and, I hope, the House. I would like to pay tribute to the quality of the Civil Service. I believe that a sign of this quality is the fact that the Service has recognised for itself the need for further improvement and is now driving forward such an ambitious programme of reform. A copy of the Report has been placed in the Libraries of the House.⁷³

Sir Richard's report committed the Civil Service to action based on six key themes:

1. stronger leadership with a clear sense of purpose. We will set up for the first time a Civil Service Management Board (CSMB) to provide corporate leadership across the service. By the end of 2001 we will ensure that all senior civil servants have 360 degree feedback on their performance;
2. better business planning. By April 2001, all departments' business plans will be independently reviewed by peer groups or outside organisations;

⁷⁰ Cabinet Office 215/99, *Building a Civil Service for the 21st Century: Civil Servants Have Their Say*, 18 October 1999.

⁷¹ Cabinet Office 215/99, *Building a Civil Service for the 21st Century: Civil Servants Have Their Say*, 18 October 1999.

⁷² Cabinet Office, *Civil Service Reform 2001: Making a Difference*, December 2001, p3

⁷³ HC Deb 15 December 1999 c220W

3. sharper performance management. We will tackle poor performance and put systems in place to reward and incentivise high achievers, both individuals and teams;
4. a dramatic improvement on diversity. By March 2000, departments will set challenging diversity targets for their people at all levels, nationally and regionally;
5. a more open service which will bring in and bring on talent. We will identify 100 prominent key tasks during year 2000, into which we will bring in high quality secondees. In parallel, we will also bring 100 of our best middle managers through a new Public Service Leaders scheme;
6. a better deal for staff. We will introduce new, non-bureaucratic ways of working, and achieve a better balance between work and private life;⁷⁴

The report continued:

3. Each department will drive through action in these six areas, including some common measures, putting into practice recommendations of the four Groups and the Performance and Innovation Unit (PIU) report on *Bridging the Divide* which were before us at Sunningdale. They will prepare **Departmental Action Plans** by the end of February which will integrate this work with the substantial change programmes which they already have in hand to deliver the Government's objectives through their Public Service Agreements (PSAs) and the Modernising Government agenda on excellence in policy making, responsive and high quality public services and electronic government. Departments have shown their capacity to achieve major changes successfully over many decades. They have much to be proud of. We must develop and draw on that capacity.⁷⁵

Beyond the six key themes identified in the report, additional emphasis was placed on enhancing corporate leadership in the Service. This developed earlier proposals contained in the *Modernising Government* white paper.⁷⁶ Annex B of the reform programme confirmed that the corporate Board would drive action on performance, delivery and teamwork.⁷⁷ Sir Richard's report stated that agreement had been reached:

iv. to develop **corporate leadership** for the Service through my Management Board. Annex B sets out our key strategic corporate actions. Heads of Department will take on personal responsibility for spearheading parts of the corporate reform agenda: I will nominate champions to lead on each of the six key themes. We will also introduce by April 2000 more active partnerships in the corporate management of the top 600 senior postings, and in the movement of people at the most senior levels. Better corporate leadership will lead to faster redeployment of staff to meet changing government priorities. I will be personally involved in the wider SCS succession planning meetings with Heads of Departments in the New Year.⁷⁸

⁷⁴ Cabinet Office 307/99, *Setting the Agenda for the Civil Service of the future*, 15 December 1999.

⁷⁵ *Report to the Prime Minister from Sir Richard Wilson, Head of the Home Civil Service – Civil Service Reform*, 15 December 1999, p1

⁷⁶ *Modernising Government* Cm 4310, March 1999, p20

⁷⁷ *Report to the Prime Minister from Sir Richard Wilson, Head of the Home Civil Service – Civil Service Reform*, 15 December 1999, p12

⁷⁸ *Report to the Prime Minister from Sir Richard Wilson, Head of the Home Civil Service – Civil Service Reform*, 15 December 1999, p3

The report had 27 key actions underpinned by a further 65 reforms. A framework for implementing the key actions over the first two years of the reform programme was included as an Appendix. Eight Permanent Secretaries led the monitoring and implementation of these key actions.⁷⁹ On 14 December 2000, Sir Richard Wilson announced the publication of a report detailing progress on the programme of reforms he announced a year earlier.⁸⁰

In spring 2001 the Performance and Innovation Unit published two reports relating to Sir Richard's six key themes. In January 2001, *Better Policy Delivery and Design* was published.⁸¹ This discussed how models of delivery have changed, how to achieve effective management of delivery and how much control should be exercised by the centre during delivery. The second report was *Strengthening Leadership in the Public Sector* (March 2001).⁸² It focused on how the public services could successfully attract, retain and develop leaders.

March 2001 also saw the publication of the Public Administration Select Committee's Report on *Making Government Work: The Emerging Issues*. This found:

42. The 'Modernising Government' programme as a whole is complex and has multiple elements. It is not always clear where the really key priorities are, with the resulting danger that civil servants will endeavour to work methodically on all of them at once. This is a great virtue; but it is also a considerable disability in terms of putting first things first. In our view the immense checklists contained within the 'Modernising Government' programme need to be converted into a much stronger definition of what the key priorities for action are, with clear responsibilities assigned for delivering them. The same applies to the Civil Service reform programme. One key reason for the difficulty in determining priorities is the highly complex organisation of the Cabinet Office itself, with a profusion of small units and divisions all exercising surveillance and issuing instructions from the centre of government. Many of the units—such as SEU, PIU, OeE (and its predecessor the Central IT Unit)—have produced some excellent reports. But it remains to be seen how effective they will be in producing durable results.⁸³

PASC warned about the implications for accountability to Parliament:

39. Proper attention must be paid to the role of Parliament in supervising government performance and progress on modernisation. At the moment there is a risk of accountability arrangements by-passing Parliament in a welter of auditors, watchdogs, ombudsmen, inspectors and charters.

The process of producing a report to detail annual progress was repeated in December 2001.⁸⁴ Some of the results of the reform programme were identified at the beginning of the report. They included:

⁷⁹ Cabinet Office 308/99, *Setting the Agenda for the Civil Service of the Future*, 15 December 1999

⁸⁰ Cabinet Office 394/00, *Annual Report Celebrates Progress and Looks to the Future*, 14 December 2000

⁸¹ G Mulgan and A Lee, *Performance and Innovation Unit - Better Policy Delivery and Design*, January 2001

⁸² Performance and Innovation Unit, *Strengthening leadership in the public sector – A research study by the PIU*, March 2001

⁸³ HC 94 2000-1

⁸⁴ Cabinet Office, *Civil Service Reform 2001: Making a Difference*, December 2001

We have **brought new skills and experience into the Service** and have organised 4,000 interchange opportunities, not only to bring talented people in, but also to give civil servants experience elsewhere.

We are **opening up the Service**. Our target was a year-on-year increase of 10% in the number of Senior Civil Service posts filled by open competition we exceeded this in our first year and achieved an 88% increase in two years.

We put a great deal of time and effort into our people. **97% of civil servants work in organisations recognised as Investors in People** (compared with 23% of the total UK workforce). 87% agree they know how they are contributing to the aims of their organisations.

We have **introduced a new pay and performance management system for our top 3,000 managers**, which will give higher rewards for higher performance and is helping us to recruit from a wider pool of people into the Service.

We have **launched, in partnership with the police, NHS and local government, a new Public Service Leaders Scheme** to develop our future leaders.

We are working hard to increase the diversity of all parts of the Service. The make up of the top Civil Service is also changing. The proportion of women in the top 600 posts in the Senior Civil Service has increased from less than 13% in 1998, to over 20% of this year.

In addition, *Civil Service Reform 2001* announced a further development in the corporate management of the Service with the establishment of a small strategy group led by Sir Richard Wilson.⁸⁵ But by the financial year 2002-3, the work of the Reform Strategy Group had been absorbed within other units.

2. The Turnbull reforms

On 2 September 2002, Sir Andrew Turnbull succeeded Sir Robin Butler as Cabinet Secretary and Head of the Home Civil Service. Commenting on the Civil Service Reform Programme, Sir Andrew stated:

ACCELERATING change in the Civil Service will be my priority over the next three years. We all want to deliver better services to the public. My job will be to make sure we achieve this and are recognised for doing so...⁸⁶

In advance of formally taking up his post, Sir Andrew produced a briefing for Cabinet Office staff on 24 June 2002 which outlined his future plans for the centre of government.⁸⁷ The briefing was also released to the Chairman of the House of Commons Select Committee on Public Administration in advance of Sir Andrew's appearance before the Committee on 4 July 2002.⁸⁸ Sir Andrew announced a three year vision underpinned by four goals which were:

- A Civil Service respected as much for its capability to deliver as for its policy skills
- An enhanced capacity to think and operate strategically

⁸⁵ Cabinet Office, *Civil Service Reform 2001: Making a Difference*, December 2001, pp5-6

⁸⁶ <http://www.civilservant.org.uk/turnbull0902.pdf>

⁸⁷ <http://www.number-10.gov.uk/output/page2437.asp>

⁸⁸ Public Administration Select Committee, *Minutes of Evidence: Sir Andrew Turnbull*, 4 July 2002, HC 1049-i 2001-02

- A Civil Service that creates public value. This incorporates the quality of the services it delivers but goes wider into the values it enshrines
 - Integrity and trust
 - Impartiality and readiness to service all citizens and governments
 - Recruitment and advancement on merit
 - A make-up that reflects the society that it serves
- A Civil Service which young people and people successful in other walks of life wants to join and work with⁸⁹

In order to achieve these goals, Sir Andrew identified the following “key enablers”:

- Shared endeavour with Ministers
- Greater clarity about the relationship between the centre, departments and the wider public sector
- Better strategic policy making in departments
- Raising or acquiring key skills such as project management
- Using technology to help re-organise government around customer-focussed service delivery
- A higher profile for the management and development of people
- Flexible delivery structures that follow purpose and exploit e-technology to the full
- Stronger links with other parts of the public sector⁹⁰

To accommodate the organisational changes announced by the Prime Minister on 8 June 2001 (more detail provided in Parts IV and V),⁹¹ Sir Andrew also announced the creation of a reform and delivery team which:

- (a) brings together into a single integrate structure units which started in the Cabinet Office and those created recently by the Prime Minister,
- (b) each unit has a distinct purpose which is clear to the outside world, and
- (c) works to the overall strategy set out in the three year vision above.⁹²

At inception, the following units were represented on the Delivery and Reform Team: Strategy (Geoff Mulgan), Delivery and Performance (Michael Barber), Corporate Development and HR (Alice Perkins), e-Transformation (Andrew Pinder), Public Service Reform (Wendy Thomson) and Commercial Reform and Project Management (Peter Gershon).⁹³

Over time, the size of the Team has grown and as of 4 July 2005, the membership of the Delivery and Reform Team was as follows: Sir Andrew Turnbull, Colin Balmer (Managing Director Cabinet Office), Paul Britton (Economic and Domestic Secretariat), Simon Virley (Regulatory Impact Unit), Ian Watmore (e-Government Unit), Howell James (Government Communication), Alice Perkins (Corporate Development Group), Jonathan Slater

⁸⁹<http://www.number-10.gov.uk/files/pdf/CO%20Reform%20and%20Delivery%20in%20the%20Civil%20Service.pdf> .

⁹⁰<http://www.number-10.gov.uk/files/pdf/CO%20Reform%20and%20Delivery%20in%20the%20Civil%20Service.pdf>

⁹¹<http://www.number10.gov.uk/output/Page2689.asp>

⁹²<http://www.number10.gov.uk/output/Page2689.asp>

⁹³<http://www.number-10.gov.uk/files/pdf/CO%20Reform%20and%20Delivery%20in%20the%20Civil%20Service.pdf> at 4 July 2005.

(Performance Partnership Agreements), Jonathan Stephens (Treasury Public Spending Team), Mary Keegan (Treasury Finance), John Oughton (Office of Government Commerce), Wendy Thompson (Office of Public Services Reform), Ivan Rogers (No.10), Michael Barber (Prime Minister's Delivery Unit), Stephen Aldridge (Prime Minister's Strategy Unit), Zina Etheridge (CSR Co-ordinator).⁹⁴

Sir Andrew also announced his intention to establish a central Reform Strategy team which would be responsible for the coordination and communication of Civil Service Reform. Reporting directly to the Head of the Civil Service, the new team would be responsible for:

- defining the overall Civil Service reform strategy
- developing the Departmental Change Programme
- supporting the Civil Service Management Board
- communicating the reform message through the Civil Service
- co-ordinating the work on a Civil Service Bill⁹⁵

The formation of this team has been interpreted as a further attempt to make the civil service more corporate in its approach, indicating a growing role for the Cabinet Secretary. Sir Andrew addressed this point in his briefing:

I do not see myself in an analogous position to a Chief Executive with a direct line responsibility to his Managing Directors, because Permanent Secretaries have a clear responsibility to support their Departmental Ministers. But I do want to support Permanent Secretaries in bringing about reform in their departments and improving service delivery. I think that it is right for me to hold them to account for this. I propose to do this by building on the existing objective setting and performance related pay arrangements, taking account of the Delivery Unit's assessment of progress against objectives; and through a programme of bilaterals to discuss Department's change programmes and succession plans.⁹⁶

The *2003 Cabinet Office Departmental Report* highlighted that the Team had been given two further responsibilities. They were to: "develop Performance Partnerships with significant delivery departments [and]...take strategies that are not working and, drawing on expertise, design and test new strategies and delivery systems".⁹⁷ In relation to Performance Partnerships, the Departmental Report defined the role of the Team as follows:

- 2.62 The Reform Strategy Group** is leading the work to develop 'Performance Partnerships' with every significant delivery department. The Partnerships will clarify:
- internal priorities for change and priorities in terms of Public Service Agreements (PSAs), major projects and top delivery issues;
 - whether each department has the right leadership (Senior Civil Service), the right strategic focus, the right engagement of delivery stakeholders and the right management of delivery;

⁹⁴ http://www.civilservice.gov.uk/improving_services/delivery_and_reform/about_delivery_and_reform/index.asp as at 4 July 2005.

⁹⁵ <http://www.number-10.gov.uk/files/pdf/CO%20Reform%20and%20Delivery%20in%20the%20Civil%20Service.pdf> at 4 July 2005.

⁹⁶ <http://www.number-10.gov.uk/files/pdf/CO%20Reform%20and%20Delivery%20in%20the%20Civil%20Service.pdf> at 4 July 2005.

⁹⁷ *Departmental Report 2003* Cm 5926, May 2003, p24

- the views of stakeholders and frontline managers, staff and others;
- change programmes to ensure that the organisation can fulfil its purpose and priorities;
- customer-focussed support from the centre (Cabinet Office, Treasury and No. 10);
- cross-Whitehall action to identify good practice from which others can learn, failures to be avoided and topics which can be tackled collaboratively between departments.⁹⁸

A new Corporate Development Group was formed in September 2002 by bringing together the existing structures of Civil Service Corporate Management and Reform and the training and development arms of the former Centre for Management and Policy Studies.⁹⁹ Sir Andrew said that the Group would “spearhead the work on bringing in more talent, developing it better and raising the capability of HR management throughout Whitehall[...]We will bring in more outside experts into this group, either to lead parts of it or in an advisory capacity”.¹⁰⁰ By the time that the *2003 Cabinet Office Departmental Report* had been published, the names of the five Directorates working within the Corporate Development Group had changed to: talent, performance, HR strategy, development and Civil Service College. Although the Directorate structure has changed, the Corporate Development Group still exists in the Cabinet Office. Its present aims and objectives are:

- to ensure that the Civil Service becomes more open and diverse;
- to lead and improve departments in raising their HR capability;
- to improve delivery capacity through better training and development opportunities (with particular emphasis on delivery skills and strategic thinking), and through more effective succession planning and focussed support for individuals with the potential to reach the top of the service;
- to remove barriers and promote better recruitment practises, more rigorous performance management and more flexible ways of managing exits from the service; and
- to provide modern and efficient services on behalf of the Civil Service as a whole, to meet the expectations of our customers.¹⁰¹

3. Departmental Change Programmes

Departmental ‘Change Programmes’ were also introduced internally into each government department in 1999 as part of the ‘culture-changing’ efforts of the reform programme, although in the words of Sir Andrew “with varying degrees of success”.¹⁰²

The Office of Public Services Reform (OPSR) is introducing a departmental change programme. Starting from a model of a high-performing department, OPSR will lead evidence-based reviews which will help individual departments to identify what further steps they can take to improve their performance, resulting in a plan for change and improvement tailored to the needs of that department. These reviews will begin early

⁹⁸ *Departmental Report 2003* Cm 5926, May 2003, p24

⁹⁹ *Departmental Report 2003* Cm 5926, May 2003, p24

¹⁰⁰ <http://www.number-10.gov.uk/files/pdf/CO%20Reform%20and%20Delivery%20in%20the%20Civil%20Service.pdf> at 4 July 2005.

¹⁰¹ http://www.civilservice.gov.uk/about_us/index.asp at 28 September 2005.

¹⁰² *PSM*, the magazine of the First Division Association, March 2003

in 2002, taking departments in turn, and will lead to **more visible change in our public services within two to three years.**¹⁰³

Responsibility for the Departmental Change Programme, which had been piloted by the Office of Public Services Reform in autumn 2001, was transferred to Sir Andrew and the Reform Strategy Team.

4. Fourth phase reform: delivery and values

In early 2004, a new programme of civil service reform was announced, marked by a Prime Ministerial speech entitled *Civil Service Reform: Delivery and Values* in the Docklands on 24 February 2004:

The world has changed and the Civil Service must change with it. The purpose of change: not to alter its ethos and value but, on the contrary, to protect them by making them work in a more relevant way to the modern age.

[...]

The principal challenge is to shift from policy advice to delivery. Delivery means outcomes. It means project management. It means adapting to new situations and altering rules and practice accordingly. It means working not in traditional departmental silos. It means working naturally with partners outside of Government. It's not that many individual civil servants aren't capable of this. It is that doing it requires a change of operation and of culture that goes to the core of the Civil Service.¹⁰⁴

The Prime Minister illustrated his argument concerning delivery with reference to the Armed Forces during the Foot and Mouth crisis. He concluded that:

If we want the Civil Service to be more entrepreneurial, to be more adventurous like their private sector counterparts, we have to loosen up. I know we [politicians], like you, have to be held to account. But sometimes we can be so frightened of the process of accountability, we opt for inertia.

In each of examples I have given, the success factors are similar: a sense of ambition, including crucially the belief that apparently intractable problems can be solved; a relentless focus on outcomes; clarity including the application of the programme and project management techniques that have transformed business; urgency including finding out quickly what's working and what isn't and adapting accordingly; and finally seeing things through until change is irreversible. A growing number of leaders in the Civil Service are demonstrating their mastery of this discipline of delivery. My Delivery Unit, focusing on delivery of some of the Government's most important public service objectives, has helped to spread this good practice and deepen its impact.

What does it mean in practical terms?

- a smaller, strategic centre;

¹⁰³ Cabinet Office, *Civil Service Reform 2001: Making a Difference*, December 2001, p6

¹⁰⁴ <http://www.number-10.gov.uk/output/Page5399.asp> at 4 July 2005.

- a Civil Service with professional and specialist skills;
- a Civil Service more open to the public, private and voluntary sector and encouraging interchange among them;
- more rapid promotion within the Civil Service and an end to tenure for senior posts;
- a Civil Service equipped to lead, with proven leadership in management and project delivery;
- a more strategic and innovative approach to policy;
- government organised around problems, not problems around Government.¹⁰⁵

The remainder of the Prime Minister's speech was based on each of the seven themes outlined above.

The Prime Minister's speech established the platform upon which Sir Andrew published his report, *Civil Service Reform: Delivery and Values*. The Report reaffirmed the role of the Modernising Government agenda.¹⁰⁶

Sir Andrew stated that his proposed reforms would lead to:

Civil Servants being recruited from various backgrounds, at different career stages, given between development opportunities, under more rigorous performance management, with senior postings normally limited to four years, and with progress being dependant on meeting skills and experience requirements at key 'career gateways'.

Professionalism becoming a defining characteristic for policy makers and operational staff as much as for specialists, supported by a principle of developing skills and experience around revived 'career anchors'.

Departments leading public service delivery on the basis of well developed strategies to deliver clear outcomes, supported by much better corporate functions in financial management, HR, IT etc.

The centre providing a focus for excellence in key corporate disciplines needed by departments, and providing robust internal challenge on delivery and effectiveness.

Efficiency underpinning everything as a constant process of review and challenge, to make sure that departments do what only they should do.¹⁰⁷

Changes in the five components of the Civil Service model of reform would affect career progression within the Civil Service. This was identified in the report which drew a series of contrasts between the success story of yesterday's and tomorrow's civil servant.¹⁰⁸

At the heart of *Delivery and Values* is a new model of Civil Service reform. This identified the need for change in five areas: leadership, careers (recruitment, retirement and time-limited postings), development (experience and training), performance and professionalism.¹⁰⁹ To highlight the difference, an appendix to the Report outlined the

¹⁰⁵ <http://www.number-10.gov.uk/output/Page5399.asp> at 4 July 2005.

¹⁰⁶ Cabinet Office, *Civil Service Reform Delivery and Values*, 24 February 2004, p15

¹⁰⁷ Cabinet Office, *Civil Service Reform Delivery and Values*, 24 February 2004, pp4-5

¹⁰⁸ *ibid* p28

¹⁰⁹ Cabinet Office, *Civil Service Reform Delivery and Values*, 24 February 2004, p16

different skills and behaviours required of tomorrow's successful civil servant compared to that of yesterdays.¹¹⁰

Delivery and Values also outlined a new role for the centre in "providing a focus for excellence in the key corporate disciplines needed by departments, and providing robust internal challenge on delivery and effectiveness".¹¹¹ On 7 October 2004, a new Civil Service website was launched. This brings together relevant information from the different units that work in the Corporate Development Group which is based in the Cabinet Office. A Progress report, *Civil Service Reform: Delivery and Values One Year On*, was published on 20 June 2005.

5. Professional Skills for Government

The consultation on Professional Skills for Government that took place in the autumn was led by Sir Richard Mottram, then Permanent Secretary Department for Work and Pensions. Sir Richard led a group which consisted of civil servants from across the professions and representatives from outside the civil service. Based on the group's work a new model for professional development was developed. Sir Andrew launched *Professional Skills for Government*, on behalf of the Civil Service Management Board, on 18 October 2004.

The purpose of *Professional Skills for Government* is to "enable staff in all areas of the Civil Service to develop the skills and experience needed to design and deliver 21st century services".¹¹² At the launch of the Programme, Sir Richard announced the introduction of three new professional categories that would replace the old 'generalist' and 'specialist' tags. The new categories were:

- **Policy expert/analyst** – we need skills in research, analysis and use of evidence – this includes those with expertise in associated disciplines such as economists, social researchers, science/research and some legal advisers skills in strategy formulation, evaluation and communication; we need people who know how to manage the business of government and understand the requirements of public accountability; crucially we need people who know **how to make change happen and deliver through others**.
- **Operational delivery** – some departments have very sizeable delivery responsibilities carried out in organisations in some cases comparable in size and responsibility to the largest private sector companies. 72% of civil servants work in Executive Agencies or organisations working on similar lines. The way the Civil Service currently presents itself, including to potential recruits, insufficiently recognises the fundamental importance of effective delivery including by its own direct-delivery organisations. We need people skilled in delivery of public services, process excellence & large-scale management. And the experts who contribute to the design and delivery of these services such as operational researchers, IT/IS experts, etc. It includes others, such as lawyers, involved in case work;

¹¹⁰ Cabinet Office, *Civil Service Reform Delivery and Values*, 24 February 2004, p28

¹¹¹ Cabinet Office, *Civil Service Reform Delivery and Values*, 24 February 2004, pp4-5

¹¹² Sir A Turnbull, *Professional Skills for Government: Progress Report from the Civil Service Management Board*, May 2005, p3

- In **Corporate Services**, we need to recognise the importance of fully professional skills in areas such as financial management, human resources and project management, so that we have the expertise we need in change and performance management.

[...]

A crucial point to make is that these are not intended to be “**new silos**”, they are definitions designed to provide clarity to support skills and career development: there will be **overlaps** between them; people in all three areas will need to **work together** to deliver; and developing a career in one of these professional areas will demand experience of and exposure to the other streams, particularly if people are looking to get to the most senior levels of the organisation.¹¹³

A progress report on the Programme was published in May 2005.¹¹⁴

6. Performance Partnership Agreements

The priorities of *Civil Service Reform* have also been taken forward through the development of Performance Partnership Agreements. Performance Partnership Agreements set out:

A Performance Partnership Agreement (PPA) forms the single, agreed vision of how a Department needs to develop to meet the challenges it faces, and the priority actions that need to be taken to achieve that vision. It brings together in a single framework all the various strands of current reform - such as efficiency plans, programmes to make the leadership cadre as effective as possible and work to improve the professionalism of corporate functions. The PPA is an agreement between the Cabinet Secretary (the Head of the Civil Service) and the Permanent Secretary of each major Department. It is linked directly to Permanent Secretaries' personal objectives, on the basis of which their pay is determined.

The PPA is a short, summary document cross-referenced to Departments' own business planning documents wherever possible. It starts by summarising the context for reform - the Department's current strategic direction, and the implications that has for how the Department itself will need to change to make that direction a reality.

The key part of the agreement then sets out the Department's plans for becoming fully fit for its purpose, including:

- Key priority outcomes to be achieved
- Actions to be taken to achieve the outcomes
- Key performance indicators against which success will be judged
- Support and challenge to be provided by the centre of Government (i.e. Cabinet Office, Treasury and No10)

A new set of Performance Partnership Agreements (covering the period 2004-6) was published on 16 March 2005.¹¹⁵ Much of the aims and objectives of this programme echoed

¹¹³ http://www.civilservice.gov.uk/improving_services/delivery_and_reform/publications/doc/PSG-SRM-notes.doc at 5 July 2005.

¹¹⁴ http://www.civilservice.gov.uk/improving_services/delivery_and_reform/publications/pdf/psg_progress_report.pdf at 5 July 2005.

earlier concerns in the *Modernising Government* white paper for greater secondments in and out of the civil service and promoting greater diversity.

7. Departmental Capability Reviews

The new Cabinet Secretary, Sir Gus O' Donnell, has announced plans for the no 10 Delivery Unit to assess the performance of Government departments in evidence to the Public Administration Select Committee on 11 October 2005:

As you know, the Prime Minister's Delivery Unit looks at delivery in the sense of achievement of PSA targets. What I want the Prime Minister's Delivery Unit to do is to enhance its role by looking at the capability of departments to deliver. The idea of this would be capability reviews run out of the Prime Minister's Delivery Unit but using external people as well - people like, for example, the private sector, the Audit Commission, people who have been good at these from the Audit Commission with experience of comprehensive performance assessments (CPAs), and use them to assess departments' capabilities on a range of functions like HR, finance, ability to run IT projects, with the idea that we would publish the results of the performance of departments in specific categories. ..What you can do, though, is compare the capabilities of, say, the Ministry of Defence and the Department of Health to, for example, conduct financial management. How good are they at that? How good are they at the HR function? In some departments it will be more important that they are good at that particular function than others. The idea is that we would do these reviews and with external input publish the results and then there will be an action plan to ensure that the permanent secretary and I were happy about and agreed on what the steps forward were, and I would then hold the permanent secretary to account for improvements in that department. I have put this idea to my permanent secretary colleagues and to the Prime Minister and received enthusiastic support so I am pleased to say that everybody is behind this and we will now start to consult on how to do it with a view to getting the first pilot departments around December or January. I would really like to roll this out across the whole of central government departments over the next couple of years - 2006/2007.¹¹⁶

Civil service reform therefore continues to be a major preoccupation of the Cabinet Secretary.

IV The Cabinet Office

A. Historical context

The creation in 1916 of a permanent Cabinet Secretariat was the innovation of a coalition government brought into office to deal with the exigencies of war. Officials were admitted to meetings of ministers to keep minutes and to follow up decisions so the departments responsible were clear what was required of them. The Cabinet Secretariat's procedures, personnel and experience were drawn from the secretariat of the Committee of Imperial Defence, also brought into being by war.¹¹⁷ The second world war again brought considerable accretions of function, scaled down in peacetime. The Cabinet Office has been

¹¹⁵ The new set of Performance Partnership Agreements is available from: http://www.civilservice.gov.uk/improving_services/performance_partnership/view_the_performance_partnership_agreements/index.asp at 5 July 2005.

¹¹⁶ Uncorrected oral evidence to Public Administration Select Committee 11 October 2005 Q1 HC 613-I 2005-6

¹¹⁷ S S Wilson, *The Cabinet Office to 1945*, 1975, pp2-3

subject to series of reorganisations following machinery of government changes by successive Prime Ministers. Lee Jones and Burnham offer a history of the Cabinet Office to 1997, noting in conclusion:

There are different explanations behind the widely differing functions performed by the various components of the Cabinet Office. The structure of the Cabinet Office, unlike that of the Prime Minister's Office, is constantly being reordered[...]The Cabinet Office has been substantially more affected than has the Prime Minister's Office by the modernizing reforms initiated by Mrs Thatcher and pursued by John Major.¹¹⁸

The relationship between the Prime Minister's Office and the Cabinet Office is ambiguous, yet combined they have represented "...the two most important administrative powerhouses of the British machinery of government" for decades.¹¹⁹ Although each of the institutions have their own independent historical roots, the post-war period has seen an increasing degree of interdependence between the organisations. It has been suggested that since May 1997 there has been a visible acceleration in that process.

The Cabinet Office became a separate part of the government machinery in 1968. In contrast, the Prime Minister's Office can be traced back to the very early nineteenth century, when in 1806 Parliament provided, for the first time, public funds for a Private Secretary to aid the Prime Minister. Yet, with the notable exception of the Private Office, which was established in the 1920s, the major parts of the contemporary Prime Minister's Office were created only after the Second World War. The following two parts describe the development of both offices since 1997.

The CO also houses a number of historic posts throughout its history, including posts such as Lord President of the Council, Lord Privy Seal, Chancellor of the Duchy of Lancaster and Paymaster General. These posts are known as sinecures in the academic literature because whilst each of the posts (with the exception of Lord Privy Seal) has traditional duties, they are not onerous.¹²⁰ The titles are used to justify the conventions which allow their staff to be carried on the Cabinet Office budget and establishment. Yet the post holders are assigned specific, modern political tasks within government by the prime minister.

Lee, Jones and Burnham helpfully identify the three main functions of the Cabinet Office as: servicing Cabinet and its Committees; organising and managing the Civil Service; providing an institutional and administrative base for inquiries and analysis into specific issues; and finally, as an institutional base for a number of 'sinecure' Ministers.

¹¹⁸ J M Lee, G W Jones and J Burnham, *At the Centre of Whitehall. Advising the Prime Minister and Cabinet*, 1998, p8

¹¹⁹ L Helms, *Presidents, Prime Ministers and Chancellors: Executive Leadership in Western Democracies*, 2005, p66

¹²⁰ For an explanation of the traditional duties associated with each of these posts, refer to: J M Lee, G W Jones and J Burnham, *At the Centre of Whitehall. Advising the Prime Minister and Cabinet*, 1998, pp21-4

B. Organisational reforms in the Cabinet Office after 1997

This section tracks the organisational changes that have occurred in the Cabinet Office since 1997, using departmental reports and resource accounts as the primary sources. Changes in executive agencies, non-departmental public bodies and parliamentary support functions of the Cabinet Office have largely been excluded.

1. Phase I: The Office of Public Service is merged into the Cabinet Office (28 July 1998-June 2001)

A number of separate policy units were established in the Cabinet Office when Tony Blair took office, which mixed career civil servants with outside appointments. These were:

- Performance and Innovation Unit (announced 28 July 1998)
- Social Exclusion Unit (announced 8 December 1997)
- Women's Unit (transferred to Cabinet Office 1 August 1998)
- Regulatory Impact Unit (already in Cabinet Office)
- Anti-Drugs Coordination Unit (transferred from Privy Council Office July 1998)

The decision to establish the Centre for Management and Policy Studies (CMPS) was announced by the Prime Minister in July 1998 following the Cabinet Secretary Sir Richard Wilson's review of the Cabinet Office. It was established on 1 April 1999. The Office of Public Service was merged with the rest of the Cabinet Office in order to promote the link between policy formulation and delivery. The Cabinet Office reorganisation was announced on 28 July 1998. The Prime Minister announced the appointment of Alex Allan as the first e-envoy in September 1999. His brief was to act as a high-level champion for Information Age issues across Government.

The Performance and Innovation Unit (PIU) recruited teams, on loan or secondment, from both the public and private sectors, to carry out its projects. At any one time, roughly half the staff in the Unit were on secondment from outside the Civil Service. The non-Civil Service members of the Unit came from private industry, management consulting, academic, think tanks, local government and NGOs. The rationale was to give the civil servants in the Unit opportunities to learn new ways of working to take back to their departments at the end of their secondment to the Unit. Similarly, the Social Exclusion Unit drew its membership from both inside and outside the Civil Service and used external expertise in other ways, for example through long- and short-term secondments into and out of the Unit. The Performance and Innovation Unit (PIU) Steering Board regularly considered proposals from inside and outside Government for project work on strategic, cross-cutting issues and then undertook initial scoping work, with the Prime Minister's office deciding on the projects to be undertaken by the PIU.¹²¹ Further details on the objectives post-1997 can be gained from the March 1999 and April 2000 public expenditure white papers.¹²²

The main changes noted by commentators in the post-1997 Cabinet Office was an emphasis on improving the corporate management of the civil service, with the no 10 Policy Unit and

¹²¹ Cabinet Office and Her Majesty's Treasury, *Wiring It Up: A Progress Report to the Prime Minister*, DATE, p55

¹²² *The Government's Expenditure Plans 1999-00 to 2001-02* Cm 4221, March 1999. *The Government's Expenditure Plans 2000-01 to 2001-02* Cm 4618, April 2000

the Cabinet Office attempting a serious input into policy-making. The academic Rod Rhodes summarised the effect as: "No. 10 is omnipresent in the serious policy reviews." An indication of the new centralisation was considered to be the injunction in the new edition of the *Ministerial Code* (Cabinet Office 1997) that all major interviews, press releases and policy statements should be cleared with No. 10.¹²³

2. Phase II: An Office of the Deputy Prime Minister is established within the Cabinet Office (June 2001-29 May 2002)

The creation of this office was summarised in an extract from the Cabinet Office Resource Accounts for 2000-1.

Following the General Election, a number of machinery of government changes were announced by the Prime Minister on 8 June 2001, including the establishment of the Office of the Deputy Prime Minister within the Cabinet Office.

The principal transfers into the department as a result of the announcement were the administration of the Government Offices in the Regions from the Department for Transport, Local Government and the Regions; Emergency Planning Division from the Home Office; and Equal Opportunities Commission from the Department for Education and Skills. Transfers to other departments included Security Services Group to the Ministry of Defence, and the UK Anti-Drugs Co-ordination Unit to the Home Office.

These changes have resulted in an increase in the Cabinet Office department expenditure limit of £145 million and an increase in staff numbers of 2,600.¹²⁴

John Prescott set out his role and the responsibilities of his office in a parliamentary answer of 11 July 2001.¹²⁵

In addition to these changes stated above, the Constitution Secretariat transferred to the Lord Chancellor's Department and the Commonwealth Games Unit transferred to the Department for Culture, Media and Sport. It became clear subsequently that there were changes to the Cabinet Office structure following the events of September 11 2001. This was outlined in a parliamentary answer by the then Home Secretary:

The Secretary of State for the Home Department (Mr. David Blunkett): The Government moved to strengthen arrangements for emergency planning and civil protection immediately after the 2001 general election. In July 2001 a new Civil Contingencies Secretariat (CCS) was created within the Cabinet Office, bringing together the Home Office's former responsibilities for emergency planning with a new capability at the centre of Government to assess and respond to emergencies as they arise. In August 2001 the CCS published a comprehensive review of emergency planning arrangements in England and Wales.

The September 11 2001 attacks in New York and Washington, however, changed our understanding of the terrorist threat.

¹²³ R A W Rhodes, "New Labour's Civil Service: Summing-up Joining-up", *Political Quarterly*, April 2000 p156

¹²⁴ *Cabinet Office Resource Accounts 2000-2001* Cm 5443, February 2002, p29

¹²⁵ HC Deb 11 July 2001 c573w-6w

In the aftermath of those attacks, the UK Government instigated a comprehensive review of the UK's preparedness and contingency plans to deal with terrorist threats. This led to new organisational arrangements with all relevant Departments working together, co-ordinated at the centre with the Home Secretary in overall charge, and to the passing of the Anti-Terrorism, Crime and Security (ATCS) Act 2001.¹²⁶

In June 2002 Sir David Omand was appointed as Intelligence and Security Co-ordinator:

Mr. Wray: To ask the Minister for the Cabinet Office what the responsibilities are of the Intelligence and Security Co-ordinator at the Cabinet Office. [74411]

Mr. Alexander: Sir David Omand KCB was appointed as Security and Intelligence Co-ordinator and Permanent Secretary of the Cabinet Office in June this year. This new post was created to enhance the capacity at the centre of Government to co-ordinate security, intelligence and consequence management matters and deal with risks and major emergencies should they arise.

Sir David has taken from the Cabinet Secretary the following responsibilities:

- Accounting Officer for the Single Intelligence Account (SIA)
- Chairmanship of the Permanent Secretaries' Committee on the Intelligence Services (PSIS)
- Chairmanship of the Official Committee on Security
- Oversight of the Civil Contingencies Secretariat and support for the Home Secretary in his role as Chairman of the Civil Contingencies Committee.

Sir David's appointment does not affect the statutory relationships between the Heads of the Intelligence Agencies and their Secretaries of State, nor the statutory sole responsibility of the Agency Heads for the direction of the operations of their Agencies and their right of access to the Prime Minister.¹²⁷

There was also a change in the Cabinet Office's objectives from the five present in 1999-00 to the three objectives in 2000-01.¹²⁸

The Resource Accounts summarised the operation of the Cabinet Office (shortened for emphasis):

In the year under review, there were six core areas of the department each working towards one or more of these targets.

Office of the Deputy Prime Minister

Central Policy Group focusing on devolution and regional government and international issues such as the promotion of international agreements on climate change;

Regional Co-ordination Unit and Government Office Network

Social Exclusion Unit

Public Service Delivery

This area focussed on the reform and modernisation of public services. Key areas are:

Office of the e-Envoy;

Office of Public Services Reform

¹²⁶ HC Deb 3 March 2003 73WS

¹²⁷ HC Deb 15 October 2002 cc732-3W

¹²⁸ Cabinet Office, *Cabinet Office Annual Report & Resource Accounts 2001-02*, 30 January 2003, HC 356 2002-23, p3

Delivery Unit
Regulatory Impact Unit

Cabinet Secretariats

There are a number of secretariats in the Cabinet Office. Their core function is to support collective decision making by the Government of the day. The Secretariats service Cabinet and Cabinet Committees and advise the Chair of each committee on the handling of particular issues. The Secretariats also broker agreements between departments where policy initiatives cannot otherwise be agreed.

Cross Cutting Units

The Cross Cutting Units were the Performance and Innovation Unit (later re-titled the Strategy Unit) and Women and Equality Unit.

The PIU aims to improve the capacity of the Government to address strategic cross-cutting issues and promote innovation in the development of policy and in the delivery of the Government's objectives. The Unit acts as a resource for the whole of Government, tackling issues on a project issues focussing on long-terms problems which cross public sector and other institutional boundaries.

The Women and Equality Unit leads on gender equality and sexual orientation issues and sponsors the Equal Opportunities Commission and the Women's National Commission.

Civil Service Management

The corporate centre of the Civil Service was represented by three groups within the Cabinet Office:

The Centre for Management and Policy Studies works with other Units in the Cabinet Office and departments

Civil Service Corporate Management and Reform supports the head of the Home Civil Service and the Civil Service Management Board in building a better performing Civil Service.

The Government Information and Communication Services.

Support Services

These include the central Communication Group, the Corporate Services Group (covering Human Resources, Infrastructure and Financial Management) and support to No10 Downing Street.

The department has been through a number of significant changes since the conclusion of the year under review. These include the transfer out of the department of the Regional Co-ordination Unit and Government Office for the Regions, the Deputy Prime Minister's Central Policy Group and the Social Exclusion Unit into the newly created Office of the Deputy Prime Minister. The Women and Equality Unit has also been moved to the Department of Trade and Industry.

This was followed by a number of structural changes following the appointment of the new Cabinet Secretary. Central to these is the creation of the new Delivery and Reform Group which brings together those Units within the Public Sector Reform area with the Centre for Management and Policy Studies, Civil Service Corporate Management and Reform and the newly created Strategy Unit. The overriding aim of this has been to strengthen the capacity of the Cabinet Office to provide a strategic

lead at the centre of Government and to support Government in delivery its priorities.¹²⁹

3. Phase III: The Office of the Deputy Prime Minister is established as an independent department (29 May 2002-present)

Stephen Byers resigned as Secretary of State for the Department of Transport, Local Government and the Regions (DTLR) in May 2002 and Mr Blair decided on the reorganisation of that department. This had implications for the centres since the creation of the ODPM as a separate department led to some scaling down of the Cabinet Office. The 2001-02 Resource Accounts summarised the machinery of government changes as follows:

A number of machinery of government changes were announced by the Prime Minister on 29 May 2002, including the establishment of a separate department – the Office of the Deputy Prime Minister (ODPM).

Transfers from the Cabinet Office as a result of the announcement include the Regional Co-ordination Unit and the Government Offices for the Regions, the Social Exclusion Unit and Central Policy Group to ODPM; and the Women and Equality Unit, Women's National Commission and the Equal Opportunities Commission to the Department of Trade and Industry.

These changes have resulted in a decrease in the Cabinet Office departmental expenditure limit of £113 million (with further transfers to be agreed) and a decrease in staff numbers of 1,739.¹³⁰

The department has been through a number of significant changes since the conclusion of the year under review. These include the transfer out of the department of the Regional Co-ordination Unit and Government Office for the Regions, the Deputy Prime Minister's Central Policy Group and the Social Exclusion Unit into the newly created Office of the Deputy Prime Minister. The Women and Equality Unit has also been moved to the Department of Trade and Industry.

The resource accounts also noted a number of structural changes following the appointment of the new Cabinet Secretary, Sir Andrew Turnbull in June 2002. He set out plans to reorganise the centre on taking up post in June 2002 in a speech to the Civil Service Management Board:

A number of changes will help me to meet the Prime Minister's mandate.

First, the creation of a separate Office of the Deputy Prime Minister simplifies the Cabinet Office's responsibilities and structures and focuses its work on the four objectives above.

Second, the Prime Minister has decided to create a new post of Security and Intelligence Co-ordinator and Permanent Secretary at the Cabinet Office filled by Sir David Omand. He will co-ordinate security, intelligence and consequence management matters and to deal with risks and major emergencies should they arise. Sir David will also act as Accounting Officer and Permanent Secretary to the Cabinet

¹²⁹ Cabinet Office, *Cabinet Office Annual Report & Resource Accounts 2001-02*, 30 January 2003, HC 356 2002-3, pp4-6

¹³⁰ *ibid*, p4

Office. I am very fortunate in being supported by someone who is extremely well qualified to take on these roles.

Third, I am asking one of my most senior colleagues, Sir Hayden Phillips, to lead the Cabinet Office's work on honours for me.¹³¹

Central to the reforms was the creation of the new Delivery and Reform Group to bring together Units within the Public Sector Reform area with the Centre for Management and Policy Studies, Civil Service Corporate Management and Reform and the newly created Strategy Unit (replacing the PIU). The overriding aim was to strengthen the capacity of the Cabinet Office to provide a strategic lead at the centre of Government.

The 2002-03 Resource Accounts summarised the machinery of government changes as follows:

The size and structure of the Cabinet Office changed following machinery of government changes and the appointment of new Ministers, a new Cabinet Secretary and a new Permanent Secretary.

The machinery of government changes involved the establishment of the Office of the Deputy Prime Minister as a separate Department and the transfer thereto from the Cabinet Office of the Regional Co-ordination Unit and the Government Officers for the Regions, the Deputy Prime Minister's Central Policy Group and the Social Exclusion Unit. A number of units transferred to the Department for Trade and Industry; these being the Women and Equality Unit; Equality Co-ordination Unit; and two non-Departmental Public Bodies, the Equal Opportunities Commission and the Women's National Commission. The Government News Network transferred to the Cabinet Office from the Central Office of Information.

The Centre for Management and Policy Studies (CMPS) ceased to be a separate division of the Cabinet Office, and no longer produces its own annual report and accounts. The Policy Studies Directorate joined the Strategy Unit and the rest of the CMPS (incorporating the Civil Service College) joined the Corporate Development Group which lies within the Cabinet Office. CMPS remains under Net Running Cost Control.¹³²

The restructuring prompted a review of the high level aims and objectives of the Cabinet Office. The 2002-03 Resource Accounts reported that:

The aim of the Cabinet Office is to support the Government's delivery and reform programme. This is reflected in its Public Service Agreement (PSA) objectives and targets, which were revised in the course of the 2002 Spending Review and new PSA targets, reflecting the new structure, were adopted during 2002-03.

The Cabinet Office's objectives following the 2002 Spending Review were as follows:

Objective 1 To support the Prime Minister in leading the Government;

¹³¹ "Cabinet Office: Reform and Delivery in the Civil Service" Paper by Sir Andrew Turnbull to Civil Service Management Board 24 June 2002 <http://www.number-10.gov.uk/files/pdf/CO%20Reform%20and%20Delivery%20in%20the%20Civil%20Service.pdf> at 4 July 2005.

¹³² Cabinet Office, *Cabinet Office Annual Report & Resource Accounts 2002-03*, 29 January 2004, HC 185 2003-4, p3

- Objective 2** To support the Government in transacting its business;
Objective 3 To help deliver key public service priorities;
Objective 4 To lead the reform programme for public services; and
Objective 5 To co-ordinate security, intelligence and civil contingencies matters to protect the UK against disruptive challenges.¹³³

These objectives were supported by a further six specific Public Service Agreement targets.¹³⁴

In November 2003, the Cabinet Office embarked on a Better Cabinet Office Programme to achieve greater operational efficiency for the medium to long term and to maintain and enhance the Department's reputation for the delivery of high-quality public services. A limited amount of restructuring is fundamental to the success of this Programme and the Treasury has made additional funding of £3.5million available to enable the Cabinet Office to run an early departure scheme to establish a re-skilling programme.¹³⁵

In failing to meet the statutory deadline for submitting accounts, Colin Balmer, Managing Director (Permanent Head) of the Cabinet Office and Accounting Officer, stated:

A number of factors have contributed to the very late production of these accounts and my breach of the statutory timetable for signing them. The most significant of these were: a major reduction of staffing levels in the Financial Management Division in April 2003, with the consequential effect of a lack of staff with sufficient accounting and financial management skills to prepare the accounts; the absence of fully automated processes for the production of annual accounts; and insufficient appreciation by management units of the importance of providing information held locally but required for final accounts.

John Bourn, Comptroller and Auditor General, concluded that

17. The Department underestimated the impact of staff reductions made in the Financial Management Division on the work required to prepare annual accounts on a timely basis. As a result it failed to meet both internal and statutory deadlines for the delivery of its resource accounts. ¹³⁶

The next Resource Account (2003-04) reported that financial management within the Cabinet Office had improved significantly¹³⁷

The 2003-04 Resource Accounts noted further machinery of government changes:

¹³³ Cabinet Office, *Cabinet Office Annual Report & Resource Accounts 2002-03*, 29 January 2004, HC 185 2003-4, p3

¹³⁴ For further information on the Public Service Agreement targets refer to: Cabinet Office, *Cabinet Office Annual Report & Resource Accounts 2002-03*, 29 January 2004, HC 185 2003-4, pp3-4

¹³⁵ *ibid* p6

¹³⁶ Cabinet Office, *Cabinet Office Annual Report & Resource Accounts 2002-03*, 29 January 2004, HC 185 2003-4, p18. For a list of list of the actions being taken by the Cabinet Office refer to: Cabinet Office, *Cabinet Office Annual Report & Resource Accounts 2002-03*, 29 January 2004, HC 185 2003-4 pp17-8

¹³⁷ Cabinet Office, *Cabinet Office Annual Report & Resource Accounts 2003-04*, 28 October 2004, HC 119 2003-4, p10

Machinery of government changes during the year involved the transfer out of the Office of the Leader of the House of Lords & Lord Privy Seal to the Privy Council Office and the transfer in of Honours and Dignities to the Cabinet Office from Her Majesty's Treasury.

There were significant changes to the Department's leadership and internal structure during 2003-04. On the retirement of Lord Macdonald of Tradeston in June 2003, Douglas Alexander was appointed Minister for the Cabinet Office and Chancellor of the Duchy of Lancaster.

In September 2004, Alan Milburn was appointed as Chancellor of the Duchy of Lancaster and Ruth Kelly was appointed Minister for the Cabinet Office.¹³⁸

The Cabinet Office Strategy Board replaced the Cabinet Office Management Board which was disbanded in March 2003; the Strategy Board had its first meeting in July 2003. The Board was established "to set strategic direction for the Cabinet Office and to ensure suitable governance arrangements are in place for the management of the Department".¹³⁹ Members of the Strategy Board were appointed by the Minister for the Cabinet Office to assist in the strategic leadership of the department. The membership of the Strategy Board in July 2005 was as follows:

Chair

John Hutton MP – Chancellor of the Duchy of Lancaster and Minister for the Cabinet Office

Internal members

Jim Murphy MP - Parliamentary Secretary, Cabinet Office

Sir Andrew Turnbull KCB CVO - Secretary of the Cabinet and Head of the Home Civil Service

Bill Jeffrey CB - Security and Intelligence Coordinator

Colin Balmer CB - Managing Director, Cabinet Office

Ivan Rogers - Principal Private Secretary to the Prime Minister

Paul Britton CB - Director, Economic and Domestic Secretariat

External members

Gus O'Donnell CB - Permanent Secretary, HM Treasury

The Lord Birt - Unpaid strategy adviser to the Prime Minister

Millie Banerjee CBE - Non Executive Chair, Cabinet Office Audit and Risk Committee¹⁴⁰

The Better Cabinet Office Programme, launched in November 2003, is designed to build the capacity of the Cabinet Office to deliver its objectives. It addresses "business management processes as well as our ability to lead and manage people".¹⁴¹

The high level aims and objectives announced in the 2002 Spending Review were reviewed and revised by the Cabinet Office Strategy Board:

¹³⁸ Cabinet Office, *Cabinet Office Annual Report & Resource Accounts 2003-04*, 28 October 2004, HC 1190 2003-4, p3

¹³⁹ *ibid*, p3

¹⁴⁰ http://www.cabinetoffice.gov.uk/publicationscheme/published_information/2/terms_of_reference/index.asp 27 September 2005

¹⁴¹ Cabinet Office, *Cabinet Office Annual Report & Resource Accounts 2003-04*, 28 October 2004, HC 1190 2003-4, p3

1. The Cabinet Office's aim is to **make Government more effective by providing a strong Centre**. The Department's objectives are:
 1. Support the Prime Minister in **leading** the Government;
 2. Achieve **co-ordination** of policy and operations across Government;
 3. Improve delivery by **building capacity** in departments and the public services; and
 4. **Promote standards** that ensure good governance, including adherence to the Ministerial and Civil Service Codes.

The new aims and objectives "better focus the work programme [of the Cabinet Office] around the Government's priorities".¹⁴² They form part of the 2004 Spending Review along with a revised set of Public Service Agreement targets which were published in July 2004. The former 2002 Spending Review Public Service Agreement targets will also contribute towards these objectives. The 2004 Departmental Report was the first to show how each of the management units contributed to the Cabinet Office's wider objectives. The fluctuating size of the Cabinet Office since 2004 is illustrated in a parliamentary answer.¹⁴³

The latest departmental report gives the following information about current management units:

¹⁴² Cabinet Office, *Cabinet Office Annual Report & Resource Accounts 2003-04*, 28 October 2004, HC 1190 2003-4, p3

¹⁴³ HL Deb 6 July 2005 c91WA

Management Unit	Supports objectives	Number of staff
Business Development Division	5	9
Better Regulation Executive	3	73
Central Sponsor for Information Assurance	2	20
Ceremonial Secretariat	1	18
Civil Contingencies Secretariat	1, 2	89
Committee on Standards in Public Life	4	5
Communication Group	5	43
Corporate Development Group	1, 3, 5	446
Defence and Overseas Secretariat	1, 2	49
Economic and Domestic Secretariat	1, 2	24
European Secretariat	1, 2	33
e-Government Unit	3	96
Financial Management Division	5	52
Government Communication	1, 2, 3, 4	161
Histories, Openness and Records Unit	5	22
Human Resources	5	54
Independent Offices	4	23
Infrastructure Division	5	87
Intelligence and Security Secretariat	1, 2	116
Intelligence and Security Commission	4	3
Office of Public Sector Information (including Her Majesty's Stationery Office)	4	27
Office of Public Services Reform	1, 2, 3	29
Office of the Government Chief Whip (House of Commons)	1, 2, 5	21
Office of the Government Chief Whip (House of Lords)	1, 2, 5	9
Parliamentary Counsel Office	1, 2	70
Prime Minister's Delivery Unit	1, 3	43
Prime Minister's Office	1	180
Private Offices Group (including Propriety and Ethics)	3, 4, 5	68
Strategy Unit	1, 3	66
	Total	1936

Note:

- i) A figure '5' in the middle column indicates that the unit performs business support/corporate service functions.
- ii) Staff numbers are expressed as full time equivalents and are sourced from figures provided to the Office for National Statistics for Civil Servants in post as at 1 April 2005.
- iii) Further information on staff numbers can be found in Table 6 in Section 4 of this report.
- iv) The Cabinet Office internal audit function is now provided by the Office of the Deputy Prime Minister.
- v) The figures for Government Communication include the staff from the Government News Network who are transferring to the Central Office of Information.

The new Cabinet Secretary is reported to have requested a review of functions from a team of management consultants.¹⁴⁴

¹⁴⁴ "Blair faces storm over McKinsey's secret brief" 26 November 2005 *Financial Times*

V The Prime Minister's Office

A. Introduction

Parliament first approved funds for a private secretary to assist the Prime Minister in 1806 and this is typically cited as the date when the Prime Minister's Office was first created. However, our contemporary understanding of the parts that make up the Prime Minister's Office is relatively new. With the exception of the Private Office,¹⁴⁵ which had been properly established by the 1920s,¹⁴⁶ the other components of the Prime Minister's Office were created only after the Second World War. Indeed, the prime minister and his private office only appeared as a separate entry in the *Civil Service Yearbook* in 1977; before then, they were, more often than not, listed under the entry for HM Treasury.¹⁴⁷

Like each of the other basic units of the Prime Minister's Office, the Press Office developed out of the Private Office. The work of managing the relationship between the media and the prime minister and advising him on the presentation of information was initially carried out by one of his private secretaries. However, in 1931 the first Number 10 press officer was appointed and this began the process that ultimately led to the creation of a Press Office.

Between 1974 and 1989, the total number of staff working in the Prime Minister's Office altered little, varying between 66 and 71. The size of the office increased during John Major's tenure from 68 staff in April 1989 to 81 in April 1995. Changes in accounting methods and structures mean that raw spending data over time is not comparable, but Lee, Jones and Burnham estimate that, after necessary adjustments, the real terms cost of the Prime Minister's Office was £5.6m in 1994-95 compared to £3.7m in 1980-1 (measured as in 1980-1 but with costs given in 1994-5 prices). They state that their estimate of cost is based on:

"the approximate cost of officials at No. 10, before taking the costs of office space, redecoration and other services into account".¹⁴⁸

Lee, Jones and Burnham comment on the issues facing the contemporary prime minister:

It has been customary for prime ministers to improvise on the powers derived from being First Lord of the Treasury, and from the conventions developed for protecting the collective responsibility of Cabinet. Prime ministers shaped the tools of executive action. But they have themselves been shaped by the conditions of modern government. Ministers and officials are still finding ways of coming to terms with

¹⁴⁵ For a historical account of the names and background (age, gender, school, university, career before and after the appointment and civil service grade in post) of the aides working in the Private Office refer to: J M Lee, G W Jones and J Burnham, *At the Centre of Whitehall. Advising the Prime Minister and Cabinet*, 1998, p55 (Principal Private Secretary); pp56-7 (Private Secretary, Overseas Affairs); p59 (Private Secretary, Economic); pp60-1 (Private Secretary, Home or Parliamentary); p62 (Private Secretary, Overseas Post created in 1994); p63 (Secretary for Crown Appointments).

¹⁴⁶ L Helms, *Presidents, Prime Ministers and Chancellors: Executive Leadership in Western Democracies*, 2005, p67

¹⁴⁷ J M Lee, G W Jones and J Burnham, *At the Centre of Whitehall. Advising the Prime Minister and Cabinet*, 1998, p1

¹⁴⁸ J M Lee, G W Jones and J Burnham, *At the Centre of Whitehall. Advising the Prime Minister and Cabinet*, 1998, pp32-3. For an account of what caused the rise in costs, refer to: J M Lee, G W Jones and J Burnham, *At the Centre of Whitehall. Advising the Prime Minister and Cabinet*, 1998, p35-6

popular expectations and of developing conceptions of their roles that are both credible and adequate for the demands made upon them. They are having to appear more explicit about the processes of decision-making, despite difficulties in explaining how any decision is reached. There is more and more pressure from the media and special interest groups in favour of 'openness' and 'freedom of information'. The old theory that government is better if conducted confidentially and surrounded by a little mystery has been abandoned....

Many of the theories propounded for improving the efficiency of the prime minister's support system have their origin in the notion of governmental 'overload'. Leaders are in danger of being overwhelmed by the volume and complexity of political issues. The diagnosis is not new. Harold Macmillan in 1957 set up a committee to inquire into 'The Burden on Ministers'. Chaired by the former Prime Minister, Clement Attlee.

¹⁴⁹

In 2000, academic commentators Dennis Kavanagh and Anthony Seldon summarised the impact of Tony Blair on the function of the Prime Minister's Office as follows:¹⁵⁰

From his time as party leader in opposition Blair displayed a distinctive leadership style. He gained firm control of party policy, relied on personal aides who were employed in his large Private Office, and emphasised the importance of a pro-active media and communications strategy. This style was carried on to Downing Street. He made his mark by:

- Boosting the size of his political staff in Number Ten, adding political appointments to many units, including the Private Office, Press Office and the new Strategic Communications Unit. Until recently, political appointments were limited to the Political Office and Policy Unit.
- Doubling the number of staff with communication skills as there were under John Major. Good presentation is not an add-on to effective policy making but an essential component.
- Reducing Parliamentary Questions to once a week, so releasing more time for other priorities.
- Continuing the downgrading of Cabinet as a decision-making body. A Blair innovation has been to hold bilateral meetings systematically with ministers and their senior officials on key policy areas, such as education, crime and health. He regards himself as the guardian of the government's programme and wants to ensure that it is delivered.
- Making decisions in small ad-hoc groups of people whose advice he values, usually his aides and officials, and carrying them through by project teams, e.g. the new Social Exclusion Unit and Policy and Innovation Unit, or the Family Policy Group under Jack Straw.
- Looking to the Cabinet Office to be more than an 'honest broker' between departments and to act as a force for 'joined-up government', ensuring that departments work together to deliver policy outcomes.

As the Prime Minister's Office falls within the departmental boundary of the Cabinet Office, its aims and objectives are reproduced in the documents that form part of the Cabinet

¹⁴⁹ J M Lee, G W Jones and J Burnham, *At the Centre of Whitehall. Advising the Prime Minister and Cabinet*, 1998, pp8-10

¹⁵⁰ www.ncl.ac.uk/politics/whitehall/briefing13.html at 9 February 2000

Office's Reporting Cycle. The Departmental Report, Autumn Performance Report and Resource Accounts are particularly important.

Although there have been many changes in the objectives that underpin the Cabinet Office its present aim is to "make Government more effective by providing a strong Centre" and its first objective is to "support the Prime Minister in leading the Government".¹⁵¹ In large part, it works towards achieving this objective through the work of the Prime Minister's Office and it has become customary, in the case of the Resource Accounts, to provide an extremely short statement of the type of work carried out by the Prime Minister's Office in the preceding year as part of the Operating Review. Hence, the most recent Resource Accounts, published on 20 July 2005, described the achievements made under objective one and the work of the Prime Minister's Office in the following terms:

During 2004-05 the **Prime Minister's Office** continued to drive forward the Government's programme of public service reform. On the international side, the Prime Minister's Office pushed forward the Government's foreign policy agenda to rebuild Iraq, press for progress in the Middle East Peace Process, tackle terrorism, address climate change and poverty in Africa through the G8, and build a strong Europe based on nation states.¹⁵²

This section offers more detail about the organisational changes made since 1997. It should be noted that the Prime Minister is one of the entities contained within the departmental boundary of the Cabinet Office, for vote purposes. Before 2001-2 the infrastructure costs for the PM's Office were managed from central Cabinet Office budgets; two PQs give costs of the office from 1997 to 2004-5. In 2004-5 the running costs including infrastructure were £17m.¹⁵³ Several earlier Parliamentary Answers have provided information on the general staffing levels and cost of Number 10.¹⁵⁴

B. Organisational reforms in the Prime Minister's Office

1. The structures within the Prime Minister's Office pre 1997

Lee, Jones and Burnham pointed to "four basic parts, plus five other 'tribes'" in the Prime Minister's Office. The four basic parts were:¹⁵⁵

¹⁵¹ Cabinet Office, *Cabinet Office Annual Report & Resource Accounts 2004-05*, 20 July 2005, HC 372 2005-06, p4

¹⁵² Cabinet Office, *Cabinet Office Annual Report & Resource Accounts 2004-05*, 20 July 2005, HC 372 2005-06, p4

¹⁵³ HC Deb 23 March 2003 c125-27w and HC Deb 21 July 2005c1935w

¹⁵⁴ For historical information on the staffing levels and cost of Number 10, refer to: J M Lee, G W Jones and J Burnham, *At the Centre of Whitehall. Advising the Prime Minister and Cabinet*, 1998, pp30-32 (staffing levels 1972-95); pp33-4 (costs 1980-1 to 1994-5); p73 (staffing and cost of the Press Office 1979-95); p101 (cost of the Policy Unit 1987-94); p102 (cost of prime minister's policy advisers 1981-2 to 1994-5). For the Blair administration see HC Deb 25 March 2003 c125-7w, HC Deb 11 July 2002 c1099-100w, HC Deb 21 July 2000 c347w, HC Deb 1998 c675w

¹⁵⁵ J M Lee, G W Jones and J Burnham, *At the Centre of Whitehall. Advising the Prime Minister and Cabinet*, 1998, p29

1. the 'private office' at its core, linking the prime minister to the bureaucratic world of Whitehall;
2. the political office, linking the prime minister to the party;
3. the press office, linking the prime minister to the media;
4. the policy unit and some other individual policy advisers, providing policy advice.

The five additional sections were:¹⁵⁶

1. the Appointments section, conventionally part of the 'private office', but working under a private secretary somewhat separate from those in the core private office. It deals with ecclesiastical and some of the other appointments in the gift of the Crown about which the prime minister gives advice, and whom in effect the prime minister chooses;
2. the Honours section of about six officials dealing with the compilation of the Honours list, who report to the principal private secretary in the private office;
3. Confidential Filing, under a duty clerk. The work includes checking 29-year-old files, consisting of about 42 feet of shelving annually, to see which can be released under the 30-year rule. About 4 per cent are considered still sensitive enough to be held back.
4. the Garden Room staff, in ground-floor offices looking into the garden of No. 10, providing typing and secretarial facilities to the prime minister and the private office, and dealing with secretarial correspondence;
5. a cook, doorkeeper, house manager, messengers, guards, cleaners and other support staff whose job it is to maintain No. 10 and keep it secure.

2. The Structure to 2001

Between May 1997 and June 2001 there were four significant changes: first, the immediate appointment of a Chief of Staff appointed on special adviser terms but with executive authority over civil servants; second, a large increase in the number of special advisers working in Number 10; third, the creation of a Strategic Communications Unit and finally, the creation of two new units both of which reported to the Prime Minister but were based in the Cabinet Office. These were the Social Exclusion Unit and the Performance and Innovation Unit.

The decision of the Prime Minister to appoint a Chief of Staff within his Office was not new. Margaret Thatcher appointed David Wolfson to the post that she created for him in 1979 and he held that role until 1985. Lee, Jones and Burnham summarise his role of in the following terms:

One of Mrs Thatcher's innovations in 1979 was to appoint a chief of staff at 10 Downing Street, with the status of (unpaid) political adviser, to focus on political affairs. It seemed an odd title since he had no staff and was in charge of no one. The position was an aberration that did not last. He performed a very personal role. The first and only holder of this title, David Wolfson, served the prime minister until 1985 and was not replaced[...]Wolfson's work for the prime minister was somewhat shrouded in secrecy. He seemed to act as a general-purpose adviser, an emissary and discreet aide. He was a rich courtier with whom she could have a relaxed

¹⁵⁶ J M Lee, G W Jones and J Burnham, *At the Centre of Whitehall. Advising the Prime Minister and Cabinet*, 1998, p29

conversation, confident of his loyalty. He was valuable as a channel of communication, passing papers, ideas and requests to the prime minister that were not to be seen by either the private office or the Cabinet Office... He is an example of the sort of person prime ministers need to keep themselves sane: a trusty confidant always on hand.¹⁵⁷

The description of the work and the position of Mrs Thatcher's Chief of Staff is significantly different from the role and work of the current Chief of Staff, Jonathan Powell who is one of the few advisers to have served the Labour administration continuously since 1997.¹⁵⁸

In the first place, Jonathan Powell is a special adviser not an unpaid adviser as had been the case with David Wolfson. He is therefore paid for out of public funds and is obliged to act according to the rules governing the activities of special advisers (see Standard Note no 3813 *Special advisers*). Second, Jonathan Powell has executive powers over civil servants. This was achieved through an amendment to the Civil Service Order in Council in 1997 which allows the Prime Minister to appoint up to three special advisers with executive authority (Alastair Campbell has been the only other special adviser to be given executive authority and following his resignation and the recommendations of the Phillis Review his successor was not given the same powers).¹⁵⁹ Third, given his additional executive responsibilities his pay is not allocated within the normal pay bands special adviser. His salary has always been within the 'scheme ceiling'.¹⁶⁰ Earlier parliamentary answers gave his salary as a separate entry,¹⁶¹ but more recently the annual special adviser data published by the Prime Minister confirms a scheme maximum beyond the top special adviser pay band.

¹⁶²

The following extract from the Public Administration Select Committee Report, *Special Advisers: Boon or Bane?* confirms that Jonathan Powell had responsibility over the Press Office and the Policy Unit but responsibility for the Private Office, the Garden Room, honours and appointments and the day-to-day management of Number 10 fell to the Principal Private Secretary:

62. The organogram of the No 10 staff provided to us by Sir Richard Wilson following his evidence shows Jonathan Powell as Chief of Staff at the apex, with lines going directly up to him from the Policy Unit, the Press Office and the Principal Private Secretary. Not having been able to secure an interview with the Chief of Staff, we asked the Cabinet Secretary what his role was. In answer to the question 'Is Jonathan Powell in charge at No 10?' Sir Richard replied 'Yes'. He is the Chief of Staff. Subsequently he explained 'what the chart shows you is that Jonathan Powell has lines going to him from the Press Office and Alastair Campbell's side of the business. The Policy Unit, which are all the political advisers and civil servants in that

¹⁵⁷ J M Lee, G W Jones and J Burnham, *At the Centre of Whitehall. Advising the Prime Minister and Cabinet*, 1998, p85

¹⁵⁸ L Helms, *Presidents, Prime Ministers and Chancellors: Executive Leadership in Western Democracies*, 2005, p85

¹⁵⁹ For further information on the Phillis Review see Library Standard Note no 2594 *Changes to Government Communications Machinery*

¹⁶⁰ HC Deb 8 November 1999 cc423-4

¹⁶¹ HC Deb 8 November 1999 cc423-4

¹⁶² HC Deb 21 July 2005 cc160-2WS. For further details see Library Standard Note no 3813 *Special advisers* for more detail on the data

area, also come under this umbrella. Then the rest of Number 10, which is the Private Office itself, the Garden Room, the honours and appointments side and operation of the day-to-day management of Number 10, they come under the Principal Private Secretary. What I am saying to you is that the truth is that the two of them share out the work in that way.' This reply introduced ambiguity about the lines of accountability which the Cabinet Secretary's organogram had appeared to clear up. It is clearly an extremely significant role for a special adviser to play.¹⁶³

In a separate Parliamentary Answer, the Chief of Staff's role was described below:

David Davis: To ask the Prime Minister if he will make a statement on the (a) role, (b) duties and (c) responsibilities of (i) Mr. Jonathan Powell and (ii) the Deputy Prime Minister. [143200]

The Prime Minister: The Deputy Prime Minister and First Secretary of State deputises for me as required across the range of my responsibilities at home and abroad.

The Deputy Prime Minister chairs Cabinet Committees on domestic affairs, environment and local government; and Sub-Committees on energy policy social exclusion and regeneration.

The Office of the Deputy Prime Minister has responsibility for policy on local and regional government, local government finance, planning, housing, urban policy, the Fire Service, the Neighbourhood Renewal Unit, the Social Exclusion Unit, the Regional Co-ordination Unit and the Government Offices for the Regions.

Jonathan Powell is my Chief of Staff and is appointed on special adviser terms. He has direct responsibility for leading and co-ordinating operations across Number 10 and reports to me.¹⁶⁴

The second change that the Labour administration introduced shortly after it came to power was also related to staffing. In the period following May 1997, there was a large increase in the number of special advisers working in Number 10. Whilst the *Ministerial Code* limits Cabinet Ministers to two special advisers each, no limit is specified for the number of advisers the Prime Minister can appoint within Downing Street. Shortly before the Labour administration came to power (1 March 1997), six special advisers were employed by the Prime Minister's Office.¹⁶⁵ As of 30 October 1997 this number had increased to 18 (two of whom worked part time)¹⁶⁶

The number continued to increase and as of 13 December 1999, twenty five special advisers (one of whom was part time and unpaid) were working in Downing Street.¹⁶⁷ These proportionately large increases did not continue in the second term. For more detail see Library Standard Note no 3813 *Special advisers*. The Policy Unit developed into one staffed largely by non-civil servants, which was designed to shadow policy development in departments.

According to Dennis Kavanagh and Anthony Seldon a Unit member attended each of the twenty plus departmental review teams set up under the Comprehensive Spending Review

¹⁶³ Public Administration Select Committee, *Special Advisers: Boon or Bane?*, 28 February 2001, HC 293 2000-01, para 62.

¹⁶⁴ HC Deb 9 December 2003 c374W

¹⁶⁵ HC Deb 1 May 2001 cc607-8W

¹⁶⁶ HC Deb 30 October 1997 c860W

¹⁶⁷ HC Deb 13 December 1999 c60W

in 1998 and joined the Prime Minister with meetings with the relevant minister to decide final allocations.¹⁶⁸ Kavanagh and Seldon assessed the changes as follows:

It is only since 1928 that the Principal Private Secretary has been a Civil Service appointment. Before then the Private Office often consisted of a mix of political and official staff (see Chapter 2). Even later did the Number Ten Press Officer come to be regarded as a career civil servant - although Attlee, Eden and Wilson recruited sympathetic professional journalists to the post. The post-May 1997 developments therefore represent something of a return to old patterns of staffing, although with a stronger political imprint. The increase in political appointments has the advantage that the Civil Service is able to offload activities which it regards as partisan to the political appointments. What has not been created is a Prime Minister's Department.¹⁶⁹

An organogram of no 10 was presented to the Public Administration Select Committee in February 2000 following evidence from Sir Richard Wilson.¹⁷⁰

The two remaining points of note during this first phase of change both concern organisational 'additions' to the Prime Minister's Office and the wider Cabinet Office executive authority over civil servants. In 1998 Mr Blair asked the then Cabinet Secretary, Sir Richard Wilson, to carry out a review with the aim of enhancing the strategic role of the Cabinet Office. This review rejected the idea of a separate prime ministerial department.¹⁷¹ The Blair Government brought a new emphasis on news management. The Strategic Communications Unit was established following the Mountfield review into the Government Information Service in November 1997.¹⁷² It was headed by Alastair Campbell.¹⁷³ A Research and Information Office was established as a unit with a mixture of special advisers and civil servants and headed by Bill Bush, a special adviser formerly of the BBC.¹⁷⁴

The final organisational reform in this first phase of change was the creation of two new units which would report to the Prime Minister through the Cabinet Secretary. They were the Social Exclusion Unit, which was created in December 1997, and the Performance and Innovation Unit which was created in July 1998. Both of these units responded to the Government's call for more joined up thinking. A brief description is provided below.

The Prime Minister announced the creation of the Social Exclusion Unit on 8 December 1997. It was initially created in the Economic and Domestic Affairs Secretariat of the Cabinet Office. The Unit reported directly to the Prime Minister through the Cabinet Secretary and it was intended that it would "work closely" with the Policy Unit based in the Prime Minister's Office. Further detail on its remit was set out in a parliamentary

¹⁶⁸ Dennis Kavanagh and Anthony Seldon *The Powers behind the Prime Minister* 1999 p263

¹⁶⁹ *ibid* p284

¹⁷⁰ Memorandum 11 February 2000 Cabinet Office See PASC press notice 2 March 2000. This is reproduced in Appendix D

¹⁷¹ HC Deb 28 July 1998 c132-135w

¹⁷² HC Deb 14 January 1998 cc229-30W

¹⁷³ *Report of the Working Group on the Government Information Service* Cabinet Office November 1997

¹⁷⁴ The changes to 2000 are described more fully in Research Paper 00/42 *Advisers to Ministers and Parliamentary Affairs* January 1999 "The Prime Minister's Office and the Cabinet Office: an executive office in all but in name"

answer..¹⁷⁵The Social Exclusion Unit continues to report directly to the Prime Minister but in May 2002, it was moved over to the Office of the Deputy Prime Minister.¹⁷⁶

Shortly after the announcement that led to the creation of the Social Exclusion Unit, the Prime Minister confirmed that a further cross-cutting unit, the Performance and Innovation Unit, would also be set up in the Cabinet Office. Its creation on 28 July 1998 followed a review into the effectiveness of the centre of government that had been carried out by Sir Richard Wilson. The PIU would work in a similar way to the SEU insofar as it would be based in the Cabinet Office but it would report directly to the Prime Minister through the Cabinet Secretary:

Second, a new Performance and Innovation Unit will be set up in the Cabinet Office. It will complement the Treasury's role in monitoring Departmental programmes and will have two principal functions. First, it will focus on selected issues that cross departmental boundaries and propose policy innovations to improve the delivery of the Government objectives. Second, drawing on the work of the successor to the Committee on Public Expenditure, and other sources, it will select aspects of government policy that require review, with an emphasis on the better co-ordination and practical delivery of policy and services which involve more than one public sector body. The Unit will be a resource for policy development for the whole of Government, building on the experience of the Social Exclusion Unit.

The new Unit will not carry out these roles in isolation from other departments. It will assemble teams from inside and outside the Civil Service to carry out studies of areas where cross-departmental working needs to be improved or innovative approaches to delivery put in place, if the Government's objectives are to be delivered. The first group of projects to be carried out by the Unit will be announced in the autumn. They will include studies of the Government's presence in Cities and the Regions, and of how older people can play a more active role in the community.¹⁷⁷

The cost of the Performance and Innovation Unit during the financial year 1999-2000 was £2.3 million¹⁷⁸ and for the financial year 2000-01 it was given an allocation of £2.6 million.¹⁷⁹ The number of staff that worked in the Unit progressively grew from 31 as of 31 October 2000,¹⁸⁰ to 52 (of whom five were part time) by 1 March 2001¹⁸¹ and finally to 84 by 1 March 2002.¹⁸²

The PIU continued to operate until 22 June 2002 when it merged with the Prime Minister's Forward Strategy Unit and the Policy Directorate of the Centre for Management and Policy Studies to form a new Strategy Unit.

The first phase of reforms tend to be noted for their impact on the senior staffing levels of the Prime Minister's Office rather than on its organisational structure. Perhaps the most

¹⁷⁵ HC Deb 8 December 1997 cc408-10

¹⁷⁶ <http://www.socialexclusion.gov.uk/page.asp?id=216> at 20 October 2005

¹⁷⁷ HC Deb 28 July 1998 cc132-4W

¹⁷⁸ HC Deb 14 June 2000 c648W

¹⁷⁹ HC Deb 14 June 2000 c648W

¹⁸⁰ HC Deb 2 November 2000 c554W

¹⁸¹ HC Deb 5 March 2001 c75W

¹⁸² HC Deb 19 March 2002 c294W

important change in the Prime Minister's Office was the creation of the Strategic Communications Unit, whilst the cross-cutting units of the Social Exclusion Unit and the Performance and Innovation Unit, whilst reporting directly to the Prime Minister through the Cabinet Secretary, were strictly located in the Cabinet Office. The lack of fundamental change in the organisational structure was captured by the 2001 Cabinet Office Departmental Report, which described the organisational structure.¹⁸³

C. Reorganisation after 2001 general election

The second phase of reform began shortly after Labour's election victory in June 2001. Whilst these reforms did involve some change in staffing arrangements, they are far more noted for their effect on the organisational structure of the Prime Minister's Office which, according to Lee, Jones and Burnham hadn't changed its "essential" structure since before the 1970s. The academic commentator Helms outlines the main changes in the following terms:

Under Blair, the Prime Minister's Office initially comprised five different main sections: the Private Office, the Political Office, the Press Office, the Strategic Communications Unit and the Policy Unit. There was, however, a whole series of reforms that changed the face of the organizational core executive. A few months after Blair's second electoral victory in June 2001, the prime minister's Private Office was merged with the Policy Unit to form the Policy Directorate. The Whitehall post of the prime minister's principal private secretary was abolished and replaced by a policy adviser. The position of chief press secretary was also scrapped and replaced by two prime minister's official spokesmen, while a new position of director of communications and strategy was created, whose key role was to oversee the Strategic Communications Unit, the Downing Street Press Office and the Whitehall Information Strategy.¹⁸⁴

An organogram was submitted to the Public Administration Select Committee in January 2002 response to a number of requests.¹⁸⁵ The chairman of PASC, Tony Wright, stated: "What this confirms is that there is a Prime Minister's Department in all but in name with a growing capacity to drive policy from the centre".¹⁸⁶ Another organogram was deposited in the Library in April 2003, which offered an identical organizational chart.¹⁸⁷ The creation of the new Policy Directorate also had the effect of redesignating private secretaries, who were known as policy advisers within the new structure.¹⁸⁸

The changes in the organisational structure of the Prime Minister's Office were occurring at the same time as an enormous amount of change in the Cabinet Office, following the decision to establish an Office of the Deputy Prime Minister within the existing structure of the Cabinet Office.¹⁸⁹ On 22 June 2001, the Prime Minister also announced the creation of

¹⁸³ *Departmental Report 2001* Cm 5119, May 2001, p46

¹⁸⁴ L Helms, *Presidents, Prime Ministers and Chancellors: Executive Leadership in Western Democracies*, 2005, p67

¹⁸⁵ HC 262_ii 2001-2 Minutes of Evidence on *The New Centre*.

¹⁸⁶ "PM accused of creating his own department in Downing Street" 31 January 2002 *Independent*

¹⁸⁷ Dep 03/1313 *No 10 Organogram* 3 June 2003, reproduced as Appendix F

¹⁸⁸ HC Deb 15 October 2001 cc818-9W

¹⁸⁹ <http://www.number10.gov.uk/output/Page2697.asp>

three new institutions which would be based in the Cabinet Office. The three new organisations were: the Prime Minister's Delivery Unit, the Office of Public Services Reform and the Prime Minister's Forward Strategy Unit. Each of these institutions would work in a similar way to the SEU and PIU insofar as they would be based in the Cabinet Office. However, their reporting lines differed. The Prime Minister's Forward Strategy Unit reported directly to the Prime Minister, the Prime Minister's Delivery Unit reported to the Prime Minister with day to day supervision being provided by the Minister for the Cabinet Office Lord Macdonald, whilst the Office of Public Sector Reform reported directly to the Prime Minister through the Cabinet Secretary. The following Press Notice explains the remit of each of the three institutions:

Improving Public Services

22 June 2001

The Prime Minister today announced three new appointments to strengthen the Government's ability to deliver change in the public services.

The Delivery Unit

Michael Barber will head the Delivery Unit, which will be based in the Cabinet Office. He will report to the Prime Minister and be under the day to day supervision of the Minister for the Cabinet Office, Lord Macdonald.

Mr. Barber, currently Director of Standards and Effectiveness at the Department of Education and Skills, will be the Prime Minister's Chief Adviser on Delivery.

The Unit's role will be to ensure that the Government achieves its main objectives in the four key areas of public service which were at the heart of the Queen's speech: health, education, crime reduction and transport.

In doing so it will work closely with the Treasury to ensure that the targets that have already been agreed are achieved.

The Office of Public Services Reform

Wendy Thomson, currently Director of the Inspection Service at the Audit Commission, has been appointed head of the Office of Public Services Reform.

Its role will be to advise the Prime Minister on how the Government's commitment to radical reform of the Civil Service and public services can be taken forward.

It will cover the full range of public services, including those provided by central and local government, as well as other public bodies. Working closely with the Civil Service Corporate management team and the E envoy, it will fundamentally examine current structures, systems, incentives and skills, and the nature of services currently provided.

It will be located in the Cabinet Office, and will report to the Prime Minister through the Secretary of the Cabinet.

Forward Strategy Unit

Geoff Mulgan has been appointed to lead the Forward Strategy Unit which will do blue skies policy thinking for the Prime Minister and undertake strategy projects at request.

It will be made up of a small number of experienced figures, drawn mainly from outside the Civil Service.

Mr. Mulgan will remain head of the Performance and Innovation Unit in the Cabinet Office, with which the new Unit will work closely.¹⁹⁰

In addition to those units mentioned in the Press Notice, the Performance and Innovation Unit continued to carry out its work whilst being based in the Cabinet Office. The Head of

¹⁹⁰ <http://www.number10.gov.uk/output/Page2697.asp> at 20 October 2005

the Unit was Geoff Mulgan and he reported to the Prime Minister through the Cabinet Secretary. The Social Exclusion Unit reported to the Prime Minister through the Deputy Prime Minister following the creation of an Office of the Deputy Prime Minister within the structure of the Cabinet Office. The Prime Minister could also continue to receive policy advice through the existing mechanisms of the Prime Minister's Office, most notably from the newly formed Policy Directorate led by Jeremy Heywood.

There was therefore a significant amount of change occurring at the centre of government in the period immediately after the June 2001 election. A descriptive summary is provided in the following Parliamentary Answer of 19 October 2001:

Mr. Allen: To ask the Prime Minister (1) what internal reorganisation of staff has taken place in Downing Street since June 2001; and if he will make a statement; [7162]

(2) if he will publish the staffing structures and lines of account at No. 10 Downing Street consequent upon changes announced since June. [7308]

The Prime Minister: I announced a number of changes to my office in June designed to help achieve our commitment to the modernisation and reform in public services. These were outlined in a Downing Street press notice dated 22 June 2001, a copy of which has been placed in the Library.

Jonathan Powell remains my Chief of Staff. Alastair Campbell as Director of Communications and Strategy has responsibility for the press, strategic communications and research. Anji Hunter, head of Government Relations, is responsible for relations across Government, with the devolved Administrations, and some foreign Administrations.

Within Downing Street, Jeremy Heywood remains my Principal Private Secretary. He is responsible for the management and budget for all staff in No. 10 and leads the integrated Policy Directorate covering domestic policy which has been formed by the merger of the No. 10 Private Office and the Policy Unit. The European Adviser's Office is led by Sir Stephen Wall who is also head of the European Secretariat in the Cabinet Office, and the Foreign Policy Adviser's office is led by Sir David Manning who heads the Overseas and Defence Secretariat in the Cabinet Office.

I have established a Delivery Unit based in the Cabinet Office which is headed by Michael Barber to help ensure that we achieve our priority objective across the four key areas of public service: health, education, crime and transport. He will report to me under the day to day supervision of the Minister for the Cabinet Office, Lord Macdonald. Wendy Thomson is heading the Office of Public Service Reform also based in the Cabinet Office which is looking at how the Government's commitment to radical reform of the civil service and public services can be taken forward. She will report to me through the Cabinet Secretary. Geoff Mulgan is leading the Forward Strategy Unit which will undertake strategy projects at my request, working very closely with the Performance and Innovation Unit in the Cabinet Office.¹⁹¹

¹⁹¹ HC Deb 19 October 2001 cc1361-2W

Ministerial accountability for many of the new units is also clarified in the following Parliamentary Answer of 14 January 2002:

Mr. Austin Mitchell: To ask the Prime Minister if he will (a) list the (i) senior staff and (ii) other ministerial personnel, (b) describe the role and (c) publish the e-mail address and the mission statement of (1) the Forward Strategy Unit, (2) the Performance and Innovation Unit, (3) the Social Exclusion Unit, (4) the Delivery Unit and (5) the Domestic Policy Directorate; and how often and on what basis each reports to him. [25975]

The Prime Minister: The purpose of all the units is to help achieve our commitment to the modernisation and reform in public services and report to me regularly.

The Forward Strategy Unit reports directly to me and is headed by Geoff Mulgan. The unit's role is to provide internal long-term strategic analysis and policy thinking for me and other Cabinet Ministers. The FSU's e-mail address is: forwardstrategyunit@cabinet-office.x.gsi.gov.uk.

The Performance and Innovation Unit (PIU) reports to me through Sir Richard Wilson and is headed by Geoff Mulgan. Its role is to provide me and Government Departments with a capacity to analyse major cross-cutting policy issues and design strategic solutions. The PIU's mission statement is:

To improve the effectiveness of Government policies, their implementation and service delivery mechanisms, working with Departments and others on cross-cutting and innovative projects. A number of Ministers have been involved as sponsor Ministers for PIU projects. Full information is on the PIU website: www.piu.gov.uk.

The Social Exclusion Unit (SEU) reports to me through the Deputy Prime Minister and is headed by Moira Wallace. The Social Exclusion Unit's remit is to help improve Government action to reduce social exclusion by producing "joined up solutions to joined up problems". It works mainly on specific projects, chosen following consultation with other Ministers and suggestions from interested groups. In addition to its project-based work, the unit is involved in other cross-governmental policy relating to social exclusion. The SEU can be contacted through their website: www.socialexclusionunit.gov.uk.

The Delivery Unit (DU) reports to me under the day to day supervision of the Minister for the Cabinet Office, Lord Macdonald, and is headed by Michael Barber. The unit is working closely with the Treasury and other Departments to ensure that the Government achieves their delivery priorities during this Parliament across the key areas of public service: health, education, crime, asylum and transport.

My Principal Private Secretary, Jeremy Heywood leads the Policy Directorate within No. 10 covering domestic policy.¹⁹²

A number of additional changes have also occurred during this second phase of change, which covers the period up until June 2003. There were three main changes. First, Lord Birt was appointed as the Prime Minister's unpaid strategy adviser on 5 October 2001. Lord Birt's role and the appointment of four other unpaid advisers to the Prime Minister's Forward Strategy Unit is covered in Part V, E. Second the Strategy Unit was created on 24 June 2002 following the merger of the Performance and Innovation Unit, the Prime Minister's Forward Strategy Unit and the Policy Studies Directorate of the Centre for Management and Policy Studies. The following Parliamentary Answer provides further detail on the merger:

¹⁹² HC Deb 14 January 2002 cc85-6W

38. Ms Dari Taylor: To ask the Minister for the Cabinet Office if he will list his Department's responsibilities with regard to the Performance and Innovation Unit. [63755]

Mr. Alexander: As announced on 24 June, the Performance and Innovation Unit will be brought together with the Forward Strategy Unit to form a single unit called the Strategy Unit.

The Strategy Unit will carry out long-term strategic reviews and policy analysis which can take several forms:

- long-term strategic reviews of major areas of policy;
- studies of cross-cutting policy issues;
- strategic audit, (e.g. where do the Government stand in relation to their main objectives?); and
- working with Departments to promote strategic thinking and improve policy making across Whitehall.

I will support the Prime Minister by taking on a ministerial sponsorship role in relation to the work of the Strategy Unit. Lord Macdonald of Tradeston is the sponsor Minister for the current PIU project on risk and uncertainty.¹⁹³

The final change during this second phase of reform has been the gradual extension of the role of the Prime Minister's Delivery Unit. When it was created, the Delivery Unit had a very specific remit to help to ensure that the Government achieved its key objectives in health, education, law and order and transport.¹⁹⁴ Further information on the relationship between the Unit and the Prime Minister is provided in the following Parliamentary Answer:

Norman Baker: To ask the Deputy Prime Minister what the purpose of the Delivery Unit is; and what its aims, objectives and workplan are for (a) 2001–02 and (b) 2002–03. [15885]

The Prime Minister: I am replying to this question as it relates to matters for which I am responsible.

The purpose of the Delivery Unit is to ensure that the Government achieve their delivery priorities during this Parliament across the key areas of public service: health, education, crime and asylum and transport.

It will:

- i. report regularly to me on progress towards achievement of these priorities;
- ii. help in holding the public service Departments to account through the established PSX monitoring process to make sure that they meet their agreed PSA targets;
- iii. ensure that, within departmental spending limits set in the spending review, problems of delivery are solved as rapidly as possible when they emerge;
- iv. sustain the Government's focus on the key objectives over time.¹⁹⁵

On 2 July 2002, it was announced that following the Spending Review, the Delivery Unit would widen its remit to include priorities in some of the other main domestic service delivery departments beyond the four that had been the prior focus of its work. This is confirmed in the following extract from oral questions on 2 July 2002:

34. Brian White (Milton Keynes, North-East): What recent progress has been made by the delivery unit in securing the Government's objectives. [63750]

¹⁹³ HC Deb 2 July 2002 cc225-6W

¹⁹⁴ HC Deb 11 July 2001 c570W

¹⁹⁵ HC Deb 19 November 2001 c83W

Mr. Alexander: The delivery unit continues to be responsible for working in partnership with Departments to ensure that the Government achieve their delivery priorities across the key areas of public service. After the spending review, it will expand its scope to include priorities in other main domestic service delivery departments.

Brian White: As one of the few people who claim to understand the Cabinet Office's previous organisation chart, may I welcome the changes made by Sir Andrew Turnbull? The delivery unit has worked well because it has been extremely focused, so does the Minister share my concern that the plans to expand its remit may result in its existing work becoming less effective?

Mr. Alexander: I commend my hon. Friend for his understanding of the previous organogram. I hope that Sir Andrew Turnbull's proposals for structural changes, which were announced recently, will give my hon. Friend confidence that we now have a strategic and focused centre that can drive forward the work on delivery and reform. After the spending review, the delivery unit will take forward its vital work within that structure.

I make it clear to the House that we see the delivery unit as having a key role in supporting, rather than supplanting, the work of Departments. We are determined to ensure that as it expands its role, it continues to work in support of Secretaries of State and Ministers throughout Whitehall as we advance our agenda for reform and delivery.

Mr. A. J. Beith (Berwick-upon-Tweed): Is it the case that the delivery unit monitors between four and six targets in each of the policy areas of health, education, transport and law and order, selected from the Departments' public service agreements? Will the Minister tell us which particular targets are selected at the moment? Perhaps he could give us examples and put a note in the Library so that we can know what all the targets are and what the future priorities will be.

Mr. Alexander: I can assure the right hon. Gentleman that the delivery contracts have not been published because they contain no new commitments and do not represent a new list of Government priorities. There have been many other equally important priorities throughout Government, and publication might be wrongly interpreted as suggesting that there was a wholly new set of priorities. The work of the delivery unit reinforces pre-existing work taken forward by the Treasury and individual Departments in advancing the public service agreements, which are, of course, published and available to the right hon. Gentleman.¹⁹⁶

Whilst retaining its position within the Cabinet Office, the offices of the Delivery Unit moved to the Treasury building during February 2003.¹⁹⁷ On 11 March 2003, in response to requests by the Public Administration Select Committee, the Delivery Unit published the targets that it was focusing on at that time. These covered all the PSAs in the departments of Health, Education, Transport and the Home Office as well as a number of specific PSAs based in seven other domestic departments.¹⁹⁸ This extension of the Delivery Unit's role was confirmed when it accepted joint responsibility for a PSA target with the Treasury, as the following entry from the Unit's website makes clear:

¹⁹⁶ HC Deb 2 July 2002 cc83-4

¹⁹⁷ Public Administration Select Committee, *Minutes of Evidence: The New Centre*, 27 February 2003, HC 482-i 2002-03, Q488

¹⁹⁸ http://www.parliament.uk/parliamentary_committees/public_administration_select_committee/pasc_pn_9.cfm at 20 October 2005

The Prime Minister's Delivery Unit was established in June 2001. The Unit's overriding mission is to ensure the delivery of the Prime Minister's top public service priority outcomes by 2005.

The Unit reports to the Prime Minister, and acting head is Peter Thomas, who is the Prime Minister's Chief Adviser on Delivery.

The Delivery Unit works in partnership with the Treasury, No. 10, other parts of the Cabinet Office and stakeholder departments, to assess delivery and provide performance management for key delivery areas, and has a shared responsibility with the Treasury for the joint Public Service Agreement (PSA) target:

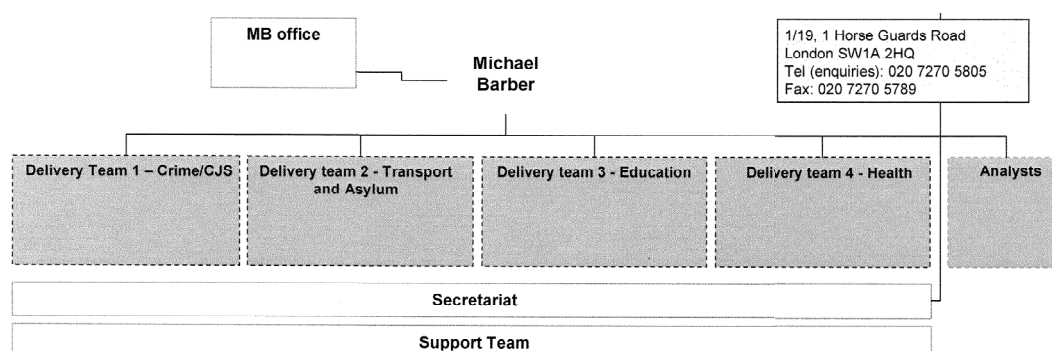
"Improve public services by working with departments to help them meet their PSA targets, consistently with the fiscal rules."

In its first year, the Delivery Unit set the delivery agenda and in Year 2 it established delivery disciplines across Whitehall. During Year 3 the Unit will accelerate and intensify the drive for results through.

- **Ruthless prioritisation** – with enhanced Delivery Unit focus on the Prime Minister's highest priority public service delivery areas, where the Delivery Unit can add most value to delivery outcomes by 2005;
- **More vigorous challenge** – including a tailored programme of review and challenge meetings; and
- **Stronger problem solving and deeper collaboration** – through a tailored, joint programme of work package drawing on the full Delivery Unit problem-solving portfolio.

A team of around 40 people, drawn from the public and private sectors, carry out the Unit's work. The Unit also draws on the expertise of a wider group of Associates with experience of successful delivery in the public, private and voluntary sectors.¹⁹⁹

The Delivery Unit's work is reflected in its organisational structure, which is provided in the following chart:²⁰⁰



¹⁹⁹ <http://www.cabinetoffice.gov.uk/pmdu/index.asp>

²⁰⁰ <http://www.cabinetoffice.gov.uk/publicationscheme/documents/pdf/pmdu.pdf>

D. Changes since September 2003

Between 2-4 September 2003 the Prime Minister's Office announced a significant reorganisation of both its own and the Government's information and communications machinery; at the same time the Prime Minister made changes to staffing of the policy units at Number 10.

Three processes had influenced the timing and nature of the changes.

The first was Sir Nigel Wicks's Committee on Standards in Public Life Ninth Report 'Defining the Boundaries within the Executive: Ministers, Special Advisers and the Permanent Civil Service'²⁰¹ (published April 2003), which had reflected widely-voiced concerns about the Government Information and Communication Service (GICS) and the accountability of staff in the Prime Minister's office.

The Wicks Committee had accepted that Number 10 was not a government department in the traditional sense and the political power concentrated in the executive, and therefore in the Prime Minister's office, would inevitably extend to everyone in that office. But it had misgivings about the constitutional significance of the strengthening of the Centre with the number of special advisers employed and the dangers of an 'alternative network' which would provide a challenge to the impartiality of civil servants. The Committee repeated its call for a Civil Service Act to regulate the Civil Service and special advisers.

The second process was the Hutton Inquiry into the circumstances surrounding the death of the senior government scientist, Dr David Kelly, involving several weeks of continuous and rigorous exposure of the workings of Number Ten staff, including the Director of Communications and Strategy, Alastair Campbell. Mr Campbell had given evidence to the Inquiry, and announced his departure from this post – which had been widely anticipated before the Inquiry began - shortly after.

The third and most direct process was the interim report of the Phillis Review of Government Communications, led by Robert Phillis the Chief Executive of the Guardian Media Group. This Review was launched in February 2003 when the Government accepted the central recommendation of the Public Administration Select Committee for a radical and external review of the GICS and media arrangements in the light of its examination of the 'unfortunate events' at the DTLR between November 2001 and May 2002.²⁰² Robert Phillis published, at the Prime Minister's invitation²⁰³, his Group's interim conclusions on 27 August 2003.

The Review emphasised the 'three-way breakdown in trust' between the government/politicians, the media and the public. At the centre of its scrutiny was the Government Information and Communication Service and Number Ten's Director of Communications and Strategy.

²⁰¹ Cm 5775

²⁰² Public Administration Committee Eight Report, 'These Unfortunate Events' HC303 2001-2002
<http://www.publications.parliament.uk/pa/cm200102/cmselect/cmpubadm/303/30303.htm#a1>

²⁰³ Letter to Robert Phillis from Tony Blair, 1 August 2003

The GICS, was composed of civil servants who provided government departments with press office staff and a head of information; but ministers could also appoint special advisers on press matters, in the words of the Code of Conduct for Special Advisers to 'represent the views of the minister to the media'. Phillis recognised the usefulness of special advisers to Ministers and the media, and of 'taking pressure off civil servants to take advocacy to a point that would compromise their political neutrality'. But the conflict between one such political appointee (Jo Moore, by the then Secretary of State at the DETR, Stephen Byers) and the Department's Civil Service head of information (Martin Sixsmith) was symptomatic of the potentially disastrous consequences of a failure of that relationship. Examining that relationship was one of the remits of the Phillis Review. But coming as it did during the deliberations of the Hutton Inquiry, the Group's emphasis on restoring public trust in government in its interim report was particularly significant.²⁰⁴

The interim Phillis Report set out detailed thinking on the structures and roles at the centre in its final report. Specifically, it recommended.

- a strong Civil Service-led communications unit which would be a centre of excellence for communications across the Civil Service; and led by a Permanent Secretary based in the Cabinet Office, reporting to the Head of the Civil Service; the Permanent Secretary to attend Cabinet meetings as required
- a well-resourced communications function supporting the Prime Minister and based at Number Ten, to include civil servants and political appointees, of whom the senior posts would be
 1. the Prime Minister's personally-appointed Director of Communications (a special adviser) to attend Cabinet as required, and 'to play a role in coordinating the communication activities of special advisers throughout government'
 2. a Civil Service Deputy to the Permanent Secretary, Government Communications, who would be the Prime Minister's Senior Official Spokesman, with responsibility for news coordination across Whitehall
- the 1997 amended Order in Council giving executive powers to the new Director of Communications post would no longer apply.

On 3 September 2003 Tony Blair wrote to Robert Phillis accepting the interim report's recommendations on the three posts; and it was announced that the Prime Minister had also agreed to the proposal that the Order in Council powers should not apply to the new Director of Communications (David Hill).²⁰⁵The Prime Minister's Office announced these changes,

²⁰⁴ *Government Communications Review Group Interim Report* 27 August 2003, at Appendix B to the final report *An Independent Review of Government Communications* Cabinet Office January 2004 at <http://www.gcreview.gov.uk/news/FinalReport.pdf>

²⁰⁵ <http://www.number-10.gov.uk/output/page4404.asp> and [Letter of 3.9.2003](http://www.number-10.gov.uk/files/pdf/PM%20letter%203.9.2003.pdf) to Robert Phillis
<http://www.number-10.gov.uk/files/pdf/PM%20letter%203.9.2003.pdf>

and further ones relating to the senior staffing and internal structure of Number Ten at the same time.²⁰⁶

As indicated, the posts of Permanent Secretary, Government Communications, reporting to the Head of the Civil Service (Sir Andrew Turnbull) and a Deputy Secretary, to be the Prime Minister's Senior Official Spokesman, were announced. David Hill had already been appointed Director of Communications to replace Alastair Campbell but without Mr Campbell's executive powers. There was no change to the Order in Council giving Mr Powell, Chief of Staff, executive powers. The final Phillis report was published in December 2003, but led to no more structural changes at No 10.²⁰⁷

A organogram of the Prime Minister's office was deposited in the Commons Library in response to a PQ in April 2004 which indicated that a new section (Political Operations, headed by Pat McFadden), had been added to the three identified after 2001, namely Government and Political Relations, Communications and Strategy and Policy and Government.²⁰⁸

Although Geoff Mulgan became Head of Policy and the Strategy Unit, Jeremy Heywood, the Prime Minister's Principal Private Secretary also retained "overall management responsibility for the Policy Directorate and Number 10 operations". This is in addition to Matthew Taylor who would take up a post "with lead responsibility within the Number 10 Policy Directorate for policy making". Andrew Adonis left his post as Head of Policy Directorate to become the Prime Minister's Senior Policy Adviser on Education, Public Services and Reform. Following the general election, Andrew Adonis was given a peerage and he now represents the Government as Parliamentary-Under Secretary of State for Schools in the House of Lords.²⁰⁹

The most recent description of the organisational form of the Prime Minister's Office is provided in the Cabinet Office's 2005 Departmental Report:

Objective 1 – Support the Prime Minister in leading the Government

The Prime Minister's Office

2.4 The Prime Minister's Office, No 10, works with the Cabinet Office to provide central direction for the development, implementation and presentation of government policy.

2.5 No 10 is staffed by a mixture of civil servants and special advisers and headed by a Chief of Staff. There are a number of different units within No 10.

2.6 The No 10 **Policy Directorate** provides advice to the Prime Minister on domestic and economic policy issues, conveying his views on issues to departments and ensuring follow-up as required. The Directorate works closely with ministers, special advisers and officials in other departments.

²⁰⁶ <http://www.number-10.gov.uk/output/page4409.asp> at 20 October 2005

²⁰⁷ For more detail on Phillis see Library Standard Note 2594 *Changes to Government Communications Machinery*

²⁰⁸ Dep04/970 28 April 2004. See Appendix G

²⁰⁹ <http://www.number-10.gov.uk/output/page7470.asp>;
<http://www.dfes.gov.uk/aboutus/whoswho/ministersinfo.shtml#adonis>

2.7 The **Parliamentary Section** handles all parliamentary affairs for the Prime Minister.

2.8 The **European and Foreign Policy Advisers' Office** provides advice and support to the Prime Minister on all European Union (EU) business and foreign affairs. It is supported by the European and Defence and Overseas Secretariats in the Cabinet Office.

2.9 The **Events and Visits Office** manages all visits between the Prime Minister and overseas Heads of Government. Official tours, receptions at Downing Street and regional and international visits are organised by his staff.

2.10 All the Prime Minister's communications are issued from No 10 – the strategy is devised and coordinated by the **Strategic Communications Unit**. The No 10 **Press Office** handles day-to-day contact with the media. The **Corporate Communications Division** is responsible for all forms of communication directly to and from the public, including managing the Prime Minister's correspondence and the No 10 website www.pm.gov.uk. Visits to the website continued to exceed six million during 2004, with over 36,000 subscribers to its email update service.

2.11 The **Honours and Appointments** sections at No 10 support the Prime Minister in his constitutional role of advising the Queen on honours and Crown appointments, and in those public appointments that he either makes himself or on which his views are sought.

2.12 Underpinning all responsibilities is the administrative support provided by the team of **Duty Clerks** and **Garden Room** staff who work a range of shifts to provide a 24 hours a day, seven days a week service throughout the year. The **Operations** team provides corporate support for the whole of No 10 including facilities management, security, IT and telecommunications, finance and human resources.

2.13 The Prime Minister's Office has a number of working groups, which are well supported by staff across No 10. All key strategic decisions on running the Prime Minister's Office are taken by the No 10 Management Board.²¹⁰

The No 10 website lists the main individuals working in no 10 as follows:

Jonathan Powell is the Prime Minister's Chief of Staff. He has direct responsibility for leading and co-ordinating operations across Number 10. He reports to the Prime Minister.

Liz Lloyd is Deputy Chief of Staff

Ivan Rogers is the Prime Minister's Principal Private Secretary.

David Hill is the Prime Minister's Director of Communications.

Jo Gibbons is Director of Events, Visits and Scheduling

John McTernan is the Director of Political Operations. He provides political management and support for the development of the Government's political strategy. The Labour Party pays his salary.

David Bennett is Head of Policy Directorate

Matthew Taylor is Chief Adviser on Strategy

Ruth Turner is Director of Government Relations²¹¹

In November 2005, the *Financial Times* reported that a review had been commissioned by Sir Gus O' Donnell from McKinsey's management consultants into the strategic needs of the Cabinet Office..²¹² No further details are available at present. In December 2005 the Cabinet

²¹⁰ *Departmental Report 2005* Cm 6543, June 2005, p33

²¹¹ <http://www.pm.gov.uk/output/Page12.asp> at 3 October 2005

²¹² "Blair faces storm over McKinsey's secret brief" 26 November 2005 *Financial Times*

Office announced that Ian Watmore, the Chief Information Officer, was to become a permanent secretary and head of the Prime Minister's Delivery Unit.²¹³

E. Special and Unpaid Advisers

The role of special and unpaid advisers has been the subject of intense scrutiny following the election of the Labour Government in May 1997. Library Paper 00/42 *Advisers to Ministers* discusses much of the background to the question of special advisers. This has been updated by Standard Note no 3813 *Special Advisers*, which discusses current numbers and disposition within Government. Much of the increase in the numbers of special advisers since 1997 is due to their deployment in no 10, where there are currently around 25. This marks a contrast with the position under the Conservative administration where numbers in no 10 remained in single figures.

However, some commentators have suggested that there is a link between the increased number of special advisers and an enhancement in their role within the centre of Government. For example, the Sixth Report of the Committee on Standards in Public Life noted that some of its evidence had suggested that the substantial increase in the number of special advisers since May 1997, especially at Number 10, amounted to a politicisation of the process of government and an undesirable reduction in the position of the impartial Civil Service.²¹⁴ This claim was firmly rebuked by Sir Richard Wilson, when he gave evidence to the Committee when he held the position of Cabinet Secretary. He said: "my short answer to your question on that ['creeping politicisation'] is that I do not think a Senior Civil Service of 3,700 people is in danger of being swamped by 70 special advisers. This is not what is happening and I do not see it as creeping politicisation".²¹⁵

Special advisers have also been used in the Treasury before and after 1997. Ed Balls was appointed as Economic Adviser to the Chancellor in May 1997 and subsequently became Chief Economic Adviser in 1999, resigning on 1 July 2004. Ed Miliband joined the Treasury in May 1997 as Special Adviser to the Chancellor. He was on sabbatical, teaching at Harvard University from July 2002 to February 2004. On return from Harvard, he was appointed Chairman of the Council of Economic Advisers, as announced in HMT Press Notice 02/04. The Council of Economic Advisers was an innovation, which was created in August 1997.²¹⁶ According to the Treasury Press Notice, it is made up of individual policy experts who bring their specialist advice to work alongside individual Treasury teams focusing on the Government's key policy priorities.²¹⁷ Charlie Whelan was press secretary for the Chancellor until his resignation in January 1999.²¹⁸

Unpaid special advisers have also been used since 1997, the most prominent being Lord Birt. The terms of his appointment are discussed in Library Standard Note no 3813. He

²¹³ "Ian Watmore appointed to be head of Prime Minister's Delivery Unit" 16 December 2005 *Cabinet Office Birt urged to delay private sector job* 16 December 2005 *Financial Times*

²¹⁴ Committee on Standards in Public Life, *Reinforcing Standards: Review of the First Report of the Committee on Standards in Public Life*, January 2000, p73

²¹⁵ Committee on Standards in Public Life, *Reinforcing Standards: Review of the First Report of the Committee on Standards in Public Life*, January 2000, p74

²¹⁶ Treasury PN 99/97

²¹⁷ "Treasury special advisers and staffing appointments" 10 May 2005 *HM Treasury Press Notice*

²¹⁸ "Opposition welcome Whelan's departure" 4 January 1999 *BBC News*

occupied the post of Prime Minister's Strategy Adviser until December 2005, when he resigned to work for a private equity firm.²¹⁹ A recent parliamentary answer set out his terms of reference as follows:

Lord Hanningfield asked Her Majesty's Government:

What are the terms of reference of the Prime Minister's strategy adviser, the Lord Birt. [HL610]

Lord Bassam of Brighton: Lord Birt is the Prime Minister's unpaid strategy adviser. He provides the Prime Minister and other Cabinet Ministers with private advice on a range of issues. Lord Birt is also a member of the Cabinet Office Strategy Board and the Civil Service Reform Programme Board.²²⁰

Another parliamentary answer indicated that it was the Prime Minister that determined Lord Birt's work programme.²²¹ In contrast to the Civil Service Reform Programme Board which Lord Birt was invited to sit on as a non-executive member, it is the post of Prime Minister's Strategy Adviser that entitles him to his seat on the Cabinet Office Strategy Board.²²² In his first newspaper interview since the publication of his autobiography in 2002, Lord Birt described his role in government.²²³

In an echo of his radical overhaul of the BBC, he said specialist support functions have been set up to deal with technology, communications, human resources and training within Whitehall.

Lord Birt said that the new structures would then be "replicated" across other government departments.

[...]

After years of silence, Lord Birt said that he was able to talk about his role in reforming Whitehall because of his already declared position on the cabinet office strategy board and civil service reform board.

"One of the jobs that I have been doing at No 10 is I have become involved with the Whitehall reform process," he said.²²⁴

Lord Birt was first appointed by the Prime Minister in July 2000 as an unpaid adviser with a specialism in the area of crime. He published his Crime Review in December 2000. In the period between December 2000 and October 2001 Lord Birt was a part time unpaid adviser. In October 2001, he was appointed to the specific post of Strategy Adviser to the Prime Minister. Reactions to Lord Birt's appointment and work have been varied.²²⁵

²¹⁹ "Birt urged to delay private sector job" 16 December 2005 *Financial Times*

²²⁰ HL Deb 4 July 2005 c61WA

²²¹ HL Deb 7 April 2005 c153WA

²²² HL Deb 7 April 2005 c153WA

²²³ <http://media.guardian.co.uk/bbc/story/0,,1563119,00.html> at 20 October 2005; <http://www.guardian.co.uk/guardianpolitics/story/0,,1561899,00.html> at 20 October 2005

²²⁴ <http://www.guardian.co.uk/guardianpolitics/story/0,,1561899,00.html> at 20 October 2005

²²⁵ "General Election 2005: 'John Bloody Birt', the Secretive Power at No 10", *The Independent*, 25 April 2005, p24

In the period between October 2001 and July 2005, Lord Birt's role in Government was scrutinised in the media as well as in a number of Parliamentary debates, select committee reports and parliamentary questions.²²⁶ The Government responded by providing very limited information on the specific projects that Lord Birt was working on. Reports produced by Lord Birt have been released under the *Freedom of Information Act 2000* by the Cabinet Office.²²⁷

Other unpaid advisers have worked in no 10. On 22 June 2001, the Prime Minister's Forward Strategy Unit was created to: "provide long-term internal strategic analysis and policy thinking for me and other Cabinet Ministers".²²⁸ The Unit reported directly to the Prime Minister. The Government did not comment nor publish the reports produced by the PMFSU. The reasons behind the decision not to publish the Reports of the PMFSU are explained in the following Parliamentary Answer of 14 January 2002:

Mr. Austin Mitchell: To ask the Prime Minister (1) if he will publish the conclusions drawn by Lord Birt on the NHS and on transport; [25976]

(2) if he will ensure that all reports to and conference discussions held by the Forward Strategy Unit are published. [25974]

The Prime Minister: It is not our policy to publish Forward Strategy Unit reports which will provide me and other Cabinet Ministers with long-term internal strategic analysis and policy thinking. Internal policy advice to Ministers remains confidential.
²²⁹

On 5 October 2001, a Forward Strategy Advisory Panel was created within the PMFSU. The Panel consisted of a number of unpaid advisers:

The Prime Minister today announced the appointment of a number of independent advisers to work with the new Forward Strategy Unit.

Those appointed are:

- Arnab Banerji – Chief Investment Officer of F&C Management Limited;
- Nick Lovegrove – Partner at McKinsey's;
- Penny Hughes – formerly President of Coca Cola Great Britain and Ireland, currently non-executive director of Vodafone plc and Trinity Mirror plc;
- Adair Turner – Vice Chairman of Merrill Lynch.

Other advisers to the Forward Strategy Advisory Panel may be announced in due course.

²²⁶ See for example: HC Deb 5 Feb 2002 cc232-9WH; Transport, Local Government and the Regions Committee, *The Attendance of Lord Birt at the Transport, Local Government and the Regions Committee*, 4 March 2002, HC 655 2001-02; *The Guardian*, 7 October 2002, p5;

²²⁷ <http://www.cabinetoffice.gov.uk/publicationscheme/requests.asp>

²²⁸ HC Deb 14 January 2002 cc85-6W

²²⁹ HC Deb 14 January 2002 c86W; <http://www.number-10.gov.uk/output/page2444.asp> at 20 October 2005.

External advisers in the FSU are unpaid. They will work part-time alongside permanent civil servants on a range of projects commissioned by the Prime Minister to support him and other Cabinet members in addressing strategic issues.

Lord Birt, the Prime Minister's strategy adviser, will have an overarching role on a number of projects supported by the FSU.²³⁰

A Parliamentary Question answered on 25 March 2002 confirmed that the unpaid advisers appointed on the 5 October 2001 still held their positions on the Forward Strategy Advisory Panel and Lord Birt continued to perform his "overarching role" within the PMFSU.²³¹ The Parliamentary Answer also confirmed that in addition to Lord Birt and those unpaid advisers working within the Forward Strategy Panel, the Prime Minister had appointed further unpaid advisers in the period since June 1997. Those unpaid advisers were: Lord Stevenson (who advised on education), Lord Simon (who advised on the civil service) and Lord Birt (in his initial role as unpaid adviser on crime).²³²

VI HM Treasury

Whilst Her Majesty's Treasury is the final institution to be considered in this research paper it is a crucial partner in the institutional apparatus that has become known as the centre of government. The academic commentators Deakin and Parry explain the "special authority" of the Treasury in the following terms:

Those who exercise financial power within the core executive of any modern government possess a special form of authority. Within the executive, financial decisions have an overriding force, since governments are now judged principally by their success or failure in managing the economy. As a result, the location where this authority resides becomes a pole of attraction for exceptionally energetic and talented people, both politicians and officials. When this location consists of a long-established department combining a number of related functions, ranging from financial, economic and taxation policies through public sector management to the supply side of policy, there is an obvious concentration of power. This is the present position of Her Majesty's Treasury and of its chief minister, the Chancellor of the Exchequer.²³³

The role described by Deakin and Parry also means that the Treasury is not always thought of fondly. Professor Colin Thain has likened the Treasury to "an old-fashioned villain in an Edwardian melodrama – booed whenever it makes an appearance on stage in suitably dark and suspicious black, and thereafter assumed to be the culprit behind all the unpopular or cataclysmic events".²³⁴

Despite a number of strong opinions regarding the role of the Treasury and the way that it performs that role, there is far less literature on the changes that have occurred in the

²³⁰ <http://www.number-10.gov.uk/output/Page2738.asp> at 20 October 2005.

²³¹ HC Deb 25 March 2002 c618W

²³² HC Deb 25 March 2002 c618W

²³³ N Deakin and R Parry, *The Treasury and Social Policy: The Contest for Control of Welfare Strategy*, 2000, p1

²³⁴ C Thain, "Treasury Rules OK? The Further Evolution of a British Institution". *British Journal of Politics and International Relations*, Vol 6 No 1, February 2004, p121

Treasury when compared against the Prime Minister's Office and the Cabinet Office, particularly when that comparison is made over the period since May 1997. The literature that does exist has, more often than not, tried to characterise the relationship between the incumbent Prime Minister and Chancellor of the Exchequer.

This part of the paper examines the most recent set of changes that have been made to the organisational structure of the Treasury. Unlike the other two institutions that have been discussed in this paper, the Labour Government continues to work with a Treasury that fundamentally has the same organisational order to the one that it inherited when it came to Office. This section of the paper therefore summarises the last fundamental reform of the institutional structure of the Treasury which occurred in October 1994 in line with the recommendations of the Fundamental Expenditure Review of Running Costs. Whilst the institutional reordering of the Treasury has been the most visible consequence of this Review, its implications were actually far more wide ranging.

This part examines briefly two reforms which have been introduced since May 1997. The first set of reforms have introduced key changes in the way in which the Treasury controls and plans public expenditure. There has been a movement away from one year planning cycles in favour of three year spending plans, which are biennially reviewed.²³⁵ The second part of the paper looks at the introduction of output measurement, in the form of Public Service Agreements and their associated Service Delivery Agreements, and Technical Notes. Public Service Agreements have had important implications for the way in which departments work with the Treasury and the way in which they report their performance to Parliament and the public. New reporting mechanisms have been introduced, in the form of Departmental Annual Reports and Autumn Performance Reports.

A. The Institutional History of the Treasury

The Treasury has a historical legacy that easily surpasses that of the Cabinet Office and, to a lesser extent, the Prime Minister's Office.²³⁶ There is disagreement over the exact date that the Treasury was established, partly because of its early association with the Royal Household, but it clearly existed as a separate department well before a permanent commission for the office of Lord Treasurer was created in 1714. Prior to this, in 1668, the Treasury's Ministry of Finance role was sanctioned when it gained control of public expenditure and then of the civil service 'establishments'.²³⁷ Despite a gradual extension of its constitutional powers, it was only after the war that the Treasury fundamentally extended its remit. This happened almost by accident when Stafford Cripps was appointed Chancellor in 1947 following Dalton's resignation.²³⁸ When he moved across to the Treasury, he brought with him his former responsibilities as Minister for Economic Affairs along with his

²³⁵ The review expected in 2006 will now be in 2007 [HC Deb 19 July 2005 c54-6WS]

²³⁶ For a complete longer-term history of the Treasury, refer to: H Roseveare, *The Treasury: The Evolution of a British Institution*, 1969; R Chapman, *The Treasury in Public Policymaking*, 1997.

²³⁷ C Thain, "Treasury Rules OK? The Further Evolution of a British Institution". *British Journal of Politics and International Relations*, Vol 6 No 1, February 2004, p122

²³⁸ For further information refer to: P Clarke, *The Cripps Version: The Life of Sir Stafford Cripps 1889-1952*, 2002; W H Greenleaf, *The British Political Tradition Volume Three: A Much Governed Nation Part 1*, 1987

staff from the Central Economic Planning section of the Cabinet Office.²³⁹ Before that point, the Treasury was largely confined to the activities of a financial department, including the routine signing-off of accounts and low-level clerking.²⁴⁰ In its modern form, however, this formal power is perhaps the most significant of those available to the Chancellor. As Lord Lipsey states: “Broadly speaking, no minister can spend money without his say-so. All major policy initiatives have to be cleared with the Treasury. Every department is marked by the Treasury. Nothing can be done (or not much) behind his back”.²⁴¹ Sir Thomas Heath, a former Permanent Secretary to the Treasury, described the purpose of this activity when he remarked that “in essence it [the Treasury] is the one permanent institution which stands between the country and national bankruptcy”.²⁴²

However, after 1947, the Treasury assumed responsibility for the broader management of the economy, which at the time involved managing demand, the positive use of fiscal policy, the setting of interest rates and attempts at planning and control of pay levels through incomes policy.²⁴³

During its long history, the Treasury has faced several attempts to make it institutionally weaker by distributing its finance, economic and public expenditure functions to other institutions. The most notable attempt was in 1964 when the Department of Economic Affairs was established under Labour’s Deputy Leader, George Brown but Deakin and Parry suggest that it “did not long survive [following] Brown’s loss of reputation within the Labour government”.²⁴⁴ It was disbanded in 1969. A second attempt can be seen in the creation of the Civil Service Department in 1968 which took away the Treasury’s role as manager of the Service. The new department grew stronger under William Armstrong as it took on responsibilities for computing, procurement and the training of the civil service, with its Head of the Civil Service on a promotion track from the Treasury.²⁴⁵ However, the Civil Service Department did not fare any better than the Department of Economic Affairs and it was wound up on 7 December 1981. Deakin and Parry suggest that a third and final rival was the Department of Trade and Industry, a pro-growth department which sought a monopoly of contact with industry.²⁴⁶ Consequently, the threat that the Treasury may lose one of its three main functions has never come to fruition and whilst it no longer manages the civil service, the “really threatening fission – of public expenditure control – has not been pursued”.²⁴⁷

²³⁹ W Grant, *Economic Policy in Britain*, 2002, p196; N Deakin and R Parry, *The Treasury and Social Policy: The Contest for Control of Welfare Strategy*, 2000, p16

²⁴⁰ N Deakin and R Parry, *The Treasury and Social Policy: The Contest for Control of Welfare Strategy*, 2000, p16

²⁴¹ D Lipsey, *The Secret Treasury*, 2000, p19

²⁴² N Deakin and R Parry, *The Treasury and Social Policy: The Contest for Control of Welfare Strategy*, 2000, p16

²⁴³ C Thain, “Treasury Rules OK? The Further Evolution of a British Institution”. *British Journal of Politics and International Relations*, Vol 6 No 1, February 2004, p122

²⁴⁴ N Deakin and R Parry, *The Treasury and Social Policy: The Contest for Control of Welfare Strategy*, 2000, p20

²⁴⁵ N Deakin and R Parry, *The Treasury and Social Policy: The Contest for Control of Welfare Strategy*, 2000, p20

²⁴⁶ N Deakin and R Parry, *The Treasury and Social Policy: The Contest for Control of Welfare Strategy*, 2000, p20

²⁴⁷ N Deakin and R Parry, *The Treasury and Social Policy: The Contest for Control of Welfare Strategy*, 2000, p20

B. The Relevance and Importance of the Prime Minister-Chancellor Relationship

In a similar way to the institution that he heads, the influence and political standing of the Chancellor of the Exchequer has fluctuated over time. It has not always been the case that the Chancellor has occupied his present position as one of the two key figures in government.²⁴⁸ Yet there is undoubtedly a wide consensus that the contemporary relationship between the Prime Minister and Chancellor is “one of *the* pivotal relationships in Whitehall” and this is the reason why it has attracted the persistent attention of former office holders, scholars and journalists alike.²⁴⁹

Indeed, Deakin and Parry argue that the importance of this bilateral relationship has increased as “the collective Cabinet weight of spending ministers has diminished relative to the strategic economic judgement of Prime Minister and Chancellor”.²⁵⁰ However, even within Cabinet, the Treasury holds two key positions in the form of the Chancellor and the Chief Secretary to the Treasury (since 1961), whose role, with the Chancellor, is to ensure that public expenditure controls are maintained.

By no means has the level of interest in the relationship between Prime Minister and Chancellor diminished. A common theme underpinning the books of the former Labour Ministers, Edward Dell and Roy Jenkins, is the importance of the relationship and, according to Thain, attempts to characterise the relationship between the incumbent Prime Minister and Chancellor have provided “endless material for journalistic and academic story telling”.²⁵¹ It is certainly the case that the level of attention focused on this particular relationship extends beyond that received by the majority of former holders of either post. Perhaps this is explained by James Naughtie, who shares the widely held belief that “no pair of politicians in our modern history have wielded so much power as Tony Blair and Gordon Brown”.²⁵²

C. The Implications of the Fundamental Expenditure Review for the Treasury

The former Chief Secretary to the Treasury, Michael Portillo, announced a series of Fundamental Expenditure Reviews in the spring Budget of 1993. Each of the Reviews aimed to re-examine the objectives of medium term public expenditure. They were conducted with the full support of the Prime Minister and “had something in common with earlier attempts at a comprehensive survey of public expenditure...[that had] sought to find a basis to arrest what appeared to be a developing process of unsustainable growth in certain

²⁴⁸ D Lipsey, *The Secret Treasury*, 2000, p18; R Jenkins, *The Chancellors*, 1998

²⁴⁹ C Thain, “Treasury Rules OK? The Further Evolution of a British Institution”. *British Journal of Politics and International Relations*, Vol 6 No 1, February 2004, p125.

²⁵⁰ N Deakin and R Parry, *The Treasury and Social Policy: The Contest for Control of Welfare Strategy*, 2000, p20

²⁵¹ C Thain, “Treasury Rules OK? The Further Evolution of a British Institution”. *British Journal of Politics and International Relations*, Vol 6 No 1, February 2004, p126; E Dell, *The Chancellors*, 1997; R Jenkins, *The Chancellors*, 1998

²⁵² J Naughtie, *The Rivals: The Intimate Story of a Political Marriage*, 2001, pxiii

demand-led programmes".²⁵³ The Treasury's FER was combined with an assessment of senior staff functions and numbers. It was conducted on a model which had been developed by the Efficiency Unit, the hallmarks of which were juniority and speed. Juniority was reflected in the appointment of Jeremy Heywood (a grade five civil servant) who led the review in conjunction with an 'outsider', Sir Colin Southgate of EMI. The team approached the Review through "an examination of the work done by the Treasury and the opinions of organizations relating to it".²⁵⁴ Speed was delivered when Heywood published his Review in October 1994. The recommendations were wide ranging but the reforms of the organisational structure of the Treasury were the biggest that the Treasury had undergone since the 1960s.²⁵⁵

The key theme running throughout the Heywood Review was the need for the Treasury to become more strategic. This would be achieved through a change in institutional responsibilities and a refocusing around a new Treasury aim, which was underpinned by a further twelve objectives and a mission statement. In linking the organisational change to the wider objectives of the Treasury, each of the seven directorates were given 'lead responsibility' for one or more of the twelve objectives.²⁵⁶

A significant change was the loss of responsibility for the civil service. Over the previous thirty years, responsibility for civil service management had "shifted from the Treasury to the Civil Service Department, to the Cabinet Office, back to the Treasury and then out to departments".²⁵⁷ Organisationally, the reform had implications for the Treasury, the Cabinet Office and departments, as Lee, Jones and Burnham explain:

Treasury responsibilities for civil service pay and conditions of service were devolved in 1994 to departments and some agencies under the provisions of the Civil Service (Management Functions) Act 1992. Following its Fundamental Expenditure Review of Running Costs...the Treasury was told to delegate approval of civil servants' pay levels to sponsoring departments, to transfer personnel and pensions functions to the Office of Public Service and Science in the Cabinet Office, and to discontinue its detailed control of departmental expenditure...The changes were radical[...]Overall responsibility for the civil service now seems firmly attached to the Cabinet Office through its chief official, the Cabinet secretary. But the Cabinet secretary has been sole head of the home civil service only since 1983.²⁵⁸

The second set of recommendations aimed to reform the internal organisation of the Treasury. The key concept acting behind this set of organisational reforms was de-layering. In terms of the Treasury, this meant the replacement of a 'traditional' hierarchical structure, largely informed by grade boundaries, with a structure informed by three tiers of

²⁵³ N Deakin and R Parry, *The Treasury and Social Policy: The Contest for Control of Welfare Strategy*, 2000, pp71

²⁵⁴ N Deakin and R Parry, *The Treasury and Social Policy: The Contest for Control of Welfare Strategy*, 2000, pp71

²⁵⁵ N Deakin and R Parry, *The Treasury and Social Policy: The Contest for Control of Welfare Strategy*, 2000, p62

²⁵⁶ http://archive.treasury.gov.uk/pub/html/fer94/exec_sum.html at 20 July 2005

²⁵⁷ J M Lee, G W Jones and J Burnham, *At the Centre of Whitehall. Advising the Prime Minister and Cabinet*, 1998, p7

²⁵⁸ J M Lee, G W Jones and J Burnham, *At the Centre of Whitehall. Advising the Prime Minister and Cabinet*, 1998, p7

management: strategic management, involving the determination of overall strategy and resource allocation; sector management, involving the establishment and monitoring of teams taking forward defined areas of work; and team management, involving the delivery of objectives by a team within a budget.²⁵⁹ The new organisational structure therefore led to a change in the roles and responsibilities of the individuals working in the Treasury not least because of the large fall in their number. In particular, Deakin and Parry suggest that:

The key decision was that the 'assistant director' role below the 'sector managers' (to be known as directors and usually grade 2s) would not equate to the old grade 3 (ibid: 6.20). Instead, they were to have a flexible role as an occasional 'substitute' for Director, as a team leader (on a project) or as a team member (ibid: 6.18). The numbers of Deputy Directors "reflects the bids' we have received from the directors concerned", as the Review says (ibid: 6.20) (as put to us by one of the latter, "I'd be saying four or five and he'd [Heywood] would be wanting two or three").²⁶⁰

The reforms not only affected the individuals working in the Treasury but Deakin and Parry suggest that it also had an important impact on relations between the Treasury and spending departments:

In the spending field, the additional complication arose that the other departments could not be required to configure their senior posts in the same way as the Treasury. Since their Principal Finance Officers were Grade 3 or even Grade 2, they would not necessarily authorize their own Grade 5s to settle direct with the Treasury team leader.²⁶¹

- Whilst the FER stated that its aim was not "to deliver a pre-determined reduction in staff numbers or costs", it did identify the potential for large staff cuts.²⁶² These resulted from the transfer of civil service management functions out of the Treasury, the changes to the organisational structure of the Treasury and its associated effects on the responsibilities of those individuals working in the Treasury.

The Treasury Select Committee's Report on HM Treasury in 2001, repeated the recommendation of the Heywood Review that "...the Government publishes a formal statement of relationships between the Treasury and other departments, particularly in relation to public expenditure control and micro-economic policy."²⁶³ The Government's response stated that:

The objectives of the Treasury and other Departments are set out in the Public Service Agreements (Spending Review 2000: Public Service Agreements 2001-2004, Cm 4808). The relationship between the Treasury and other Departments is set out in A Guide to the Centre of Government, (see paragraph 8 below). The formal division

²⁵⁹ N Deakin and R Parry, *The Treasury and Social Policy: The Contest for Control of Welfare Strategy*, 2000, pp73

²⁶⁰ N Deakin and R Parry, *The Treasury and Social Policy: The Contest for Control of Welfare Strategy*, 2000, pp74

²⁶¹ N Deakin and R Parry, *The Treasury and Social Policy: The Contest for Control of Welfare Strategy*, 2000, pp75

²⁶² http://archive.treasury.gov.uk/pub/html/fer94/exec_sum.html at 20 July 2005

²⁶³ Treasury Select Committee, *Government's Response to the Committee's Third Report, Session 2000-01: HM Treasury*, 10 December 2001, HC 429

of responsibilities for expenditure is set out in Government Accounting and the Resource Accounting Manual.

The Treasury has promoted joint working between departments with fifteen cross-departmental reviews organised as part of the 2000 Spending Review. Separate PSAs were published for five areas of cross-departmental work and a number of other targets are shared by more than one department. In the 2002 Spending Review, this work will be built on in two ways: first, the Government is reviewing the fifteen reviews done last year to assess progress and to identify areas for further work or changes; second, an additional seven reviews were selected, to be completed in early 2002, that will provide solutions for more efficient use of resources and more effective provision of service. The reviews will be reflected by departments in their individual spending plans, pooled budgets (where appropriate), and Public Service Agreement targets.²⁶⁴

The *Guide to the Centre of Government* published in 2001 defines the relationship between the Treasury and spending departments in the following terms:

The regular Treasury contacts for most people in other departments will be with the spending team that deals with their policy area e.g. Health, Education and Training. Most spending teams are in PSD, but some are in other directorates closer to the policy issues. Various teams in FMRA provide advisory services, which departments may access through the relevant spending teams or directly. FRI responsibilities include Public Enterprise Partnerships and the Private Finance Initiative.

[...]

The spending teams are the first point of contact for people in spending departments concerned with financial planning and control. They are organised so that each department only has to deal with the people in one spending team for most day-to-day business.

The individual spending teams work with departments to ensure delivery of Public Services Directorate's operational objectives. These include:

- agreeing PSAs and SDAs in spending reviews; and helping and encourage them to deliver these targets to time;
- setting three year Departmental Expenditure Limits (DELs) which are consistent with spending review outcomes and which allocate as many resources as possible to the Government's top priorities without imposing unsustainable restraint elsewhere; and then keeping spending within agreed DELs; and
- identifying, and persuading departments to adopt, measures to increase productivity of public services in the long term; and to implement policy changes which will improve productivity in the private sector or expand employment opportunities.²⁶⁵

D. Reforms since May 1997

The full history of developments in public expenditure control and the role of the Treasury is not covered in this Research Paper, which offers only a brief overview as follows.

²⁶⁴ Treasury Select Committee, *Government's Response to the Committee's Third Report, Session 2000-01: HM Treasury*, 10 December 2001, HC 429

²⁶⁵ <http://archive.cabinetoffice.gov.uk/roleofcentre/treasury.htm> at 20 October 2005

1. A New Fiscal Framework and System for Planning and Controlling Public Expenditure

The present fiscal framework and the system used to plan and control public expenditure can be seen in terms of a series of chronological events starting from the time that the present Labour administration took office in May 1997. The initial important policy innovation came immediately after the general election, when the Monetary Policy Committee at the Bank of England was given full operational independence and the responsibility for setting interest rates to meet the Government's inflation target of 2.5% in the Retail Prices Index, excluding mortgage interest payments.²⁶⁶ Whilst this policy decision has undoubtedly led to an institutional transfer of power from the Treasury to the Bank of England, Lord Lipsey has suggested it would be more appropriate to see it as a positional transfer of power from the Prime Minister to the Chancellor:

At first sight, under these arrangements, it is the chancellor who has lost power. Before, he set interest rates; now the bank does. In fact, however, the prime minister loses much more heavily. Before, he could – and frequently did – lean on the chancellor to keep interest rates down. The chancellor might resist, but he did not always win. Now a prime minister who seeks to push his chancellor would be told: “Sorry, prime minister; not my responsibility”.²⁶⁷

The Comprehensive Spending Review lasted one year and its results were published on 14 July 1998.²⁶⁸ The Comprehensive aspect of this review (in contrast to the Spending Reviews that have followed) is an indicator of the fact that there were “no fewer than 30 zero-based reviews not only of departmental spending plans but also of objectives and policies. Six of the reviews were conducted on a cross-departmental basis to ensure integration and coordination at the centre”.²⁶⁹

The main features of the new system are as follows:

- spending is divided between a Departmental Expenditure Limit, which is planned on a three year basis and includes most departmental programme expenditure and Annually Managed Expenditure, which is typically demand-led expenditure that cannot reasonably be subject to firm three-year limits, e.g. social security benefits and tax credits;
- firm and fixed DEL plans are set for three years in advance and they are reviewed every two years as part of the Spending Review process;
- separate capital and resource budgets have been introduced and departments can only spend capital allocations on capital programmes;
- departments have been given far more capacity to carry forward unspent resources into future years, a process known as End Year Flexibility;

²⁶⁶ S Lee, “The Governance of Fiscal Policy in the United Kingdom and Canada”, *Journal of Comparative Policy Analysis*, Vol 5 Nos 2-3, June 2003, p172

²⁶⁷ D Lipsey, *The Secret Treasury*, 2000, p53

²⁶⁸ *Modern Public Services for Britain: Investing in Reform. Comprehensive Spending Review : New Public Spending Plans 1999-2002*, Cm 4011, July 1998

²⁶⁹ S Lee, “The Governance of Fiscal Policy in the United Kingdom and Canada”, *Journal of Comparative Policy Analysis*, Vol 5 Nos 2-3, June 2003, p174

- by the 2002 Spending Review, budgets were set on a resource budgeting basis for the first time. Accounts that are produced on a resource budgeting aim to reflect the full economic cost of departmental activity, including, for example, charges for depreciation and the cost of capital on assets.²⁷⁰

The 1998 Comprehensive Spending Review set spending plans and Public Service Agreements for 1999-2000 to 2001-02. Since then, a further three Spending Reviews have been conducted. The 2000 Spending Review set spending plans and Public Service Agreements for 2001-02 to 2003-04; the 2002 Spending Review set spending plans and Public Service Agreements for 2003-04 to 2005-06; and the most recent Spending Review of 2004 has set new spending plans for 2006-07 and 2007-08 as well as confirming the spending plans that had been set in 2005-06 as part of the 2002 Spending Review. Each of the Spending Reviews has included a number of cross-cutting reviews: six in the 1998 Comprehensive Spending Review;²⁷¹ 15 in the 2000 Spending Review;²⁷² seven in the 2002 Spending Review;²⁷³ and “six cross cutting and thematic issues” in the 2004 Spending Review.²⁷⁴ The scope and breadth of these cross-cutting reviews has been wide ranging.

2. Public Service Agreements

The current framework for delivery and performance management was summarised in the Performance and Innovation Unit Report, *Better Policy Design and Delivery*:

20. As a result of these lessons a more sophisticated approach to performance management is taking shape.

21. At its core is a system for measuring and managing performance which now includes:

- PSAs and SDAs (and the array of agency targets) setting clear expectations for performance which can be cascaded down to front-line staff, and providing clearer signals about relative priorities.
- a machinery for monitoring implementation – including PSX, Prime Ministerial stocktakes – to enable quick adjustment of priorities, resources and targets
- regular spending and policy reviews – to enable medium term adjustments to strategies and targets
- a clutch of parallel moves around cross-cutting issues, the use of knowledge, the involvement of outsiders and practitioners

²⁷⁰ See Research Paper 99/97 *The Government Resources and Accounts Bill*

²⁷¹ The cross cutting areas were: The Criminal Justice System; The Criminal Justice System in Northern Ireland; Illegal Drugs; Provision for Young Children; Housing; Countryside and Rural Policy; and the Local Government Finance System.

²⁷² The cross cutting areas were: Government Intervention in Deprived Areas; Sure Start and Services for Under Fives; Young People at Risk; Welfare to Work and ONE; The Criminal Justice System; Crime Reduction; Illegal Drugs; The Active Community; Care and Support for Older People; Rural and Countryside Programmes; Local Government Finance; Science Research; The Knowledge Economy; Conflict Prevention; and Nuclear Safety in the Former Soviet Union.

²⁷³ The cross cutting areas were: Children at Risk; Improving the Public Space; Role of the Voluntary Sector in Delivering Services; Public Sector Labour Market; Science and Research; Services for Small Businesses; Tackling the causes of Health Inequalities; and Engagement with sector (including Childcare Review).

²⁷⁴ The cross cutting and thematic issues were: Efficiency; Sustainable Development; Rural Proofing – Stronger Rural Communities; Science; Regions; and the Voluntary and Community Sector.

- greater investment in evaluation to analyse policy successes and failures²⁷⁵

Standard Note no 3826 *Public Service Agreements* provides further details of the development of PSAs.

The academic commentators Lee and Woodward describe the combined effect of the PSAs and changes in the mechanisms used to control public spending the following way:

...New Labour decided to engineer an implementation process that would give the Treasury control not only over the resources and inputs to policy, in terms of policy formulation and design, but also in terms of the outputs in terms of very detailed performance criteria and outcomes for service delivery [...] Central prescription over policy implementation by the Treasury has been achieved by two principal instruments. The public service agreement targets have incorporated “new objective and measurable efficiency targets”, which have been monitored “by a continuous process of scrutiny and audit, overseen by a Cabinet Committee, continuing the work of the PX Committee, and chaired by the Chancellor of the Exchequer”. The fixation with an output-centric approach was further institutionalized with the introduction of service delivery agreements in the July 2000 Spending Review.²⁷⁶

The system of PSAs has developed since this commentary. The most recent commentary is set out in Standard Note no 3826 *Public Service Agreements*.

3. Lyons and Gershon reviews

Most recently, the Lyons and Gershon review of civil service relocation and public sector procurement costs have led to an enhancement of the role of the Office of Government Commerce, which reports to the Treasury. This initiative is covered in Standard Note no 2588 *The Lyons and Gershon Reviews and variations in civil service conditions*. The OGC is the department with responsibility for implementing the Lyons proposals. The FAQs on the webpage gives further detail:

Q. Who is responsible for implementing the Lyons Review recommendations?

A. Departments are responsible for implementing their own commitments to relocate. Overall responsibility for coordinating Lyons implementation rests with the Office of Government Commerce as an integral part of the Efficiency Programme. This responsibility includes monitoring progress by departments in meeting commitments and co-ordinating the separate workstreams involved (e.g. the property aspects of relocation and the effective use of workspace; workforce / HR issues; location choices and regional regeneration). Progress is reported to the Efficiency Programme Executive Group.

Q. Who is leading on these separate workstreams?

A. OGC leads on property and effective workspace utilisation. The Cabinet Office leads on workforce / HR issues. The Office of the Deputy Prime Minister leads on

²⁷⁵ Performance and Innovation Unit (G Mulgan and A Lee), *Better Policy Delivery and Design: A Discussion Paper*, January 2001, p9

²⁷⁶ S Lee and R Woodward, “Implementing the Third Way: The Delivery of Services under the Blair Government”, *Public Money & Management*, Vol 22 No 4, October 2002, p50-1

location and regional regeneration. The Treasury leads on delivery of Spending Review commitments.²⁷⁷

VII Commentary on Government at the Centre

Sir Andrew Turnbull made a valedictory speech on 16 September 2005 in which he reflected on the changed nature of policy-making:

We no longer claim a monopoly over policy advice. Indeed we welcome the fact that we are much more open to ideas from think-tanks, consultancies, governments abroad, special advisers, and frontline practitioners. In developing policy we not only consult more widely than we used to but involve outsiders to a far greater degree in the policy making process, e.g. the extensive use of outside reviewers – Turner, Eddington, Hampton, Higgs etc. The teams which the Strategy Unit puts together are highly multi disciplinary.

He summarised the changes since 1997 as follows:

When Mr Blair became Prime Minister in 1997, he found in the Cabinet Office the traditional secretariats responsible for managing and coordinating government business, a number of units responsible for propriety and ethics, plus an HR function still vested in administration rather than development. In No.10 he found a small private office and a small communications function but one dealing only with news and one with the national media. The leader of the large organisation would expect to find far more than this at its centre. He was entitled to ask ‘is that it?’.

There was no central strategy capability, little ability to harness the use of IT across government, no central procurement capability, nor one for project management, no effective mechanism to pursue delivery of the government’s objectives, and no capability to develop proper two-way communications with frontline staff and the users of public services.

These shortcomings have now been addressed and centres of excellence set up for each – the Strategy Unit, e-Government Unit and so on, each led by an experienced and respected practitioner. And each is responsible for identifying the skills needed, working with departments to raise their own capacity while taking on those functions which it makes sense to do at the centre. In parallel the Treasury is developing the finance and accounting capability across government.²⁷⁸

Commentators accept that the approach to governing from No 10 and the Cabinet Office has altered significantly since 1997. Christopher Foster noted:

Most of the innovations required to improve [policy formulation] are now in place for joined-up policy making. Given the importance of the prime minister in the decision-making process, an expanded Policy Unit exists to help act as his eyes and ears and to advise him on those decisions”²⁷⁹

²⁷⁷ <http://www.ogc.gov.uk/relocation/index.asp?id=1002915#1>

²⁷⁸ Sir Andrew Turnbull’s valedictory lecture 16 September 2005 *Cabinet Office* at http://www.civilservice.gov.uk/publications/speeches/valedictory_lecture.asp

²⁷⁹ Christopher Foster “Joined-up government and Cabinet Government” in *Joined Up Government* ed Vernon Bogdanor 2005

The plethora of new units concerned with achieving policy delivery has been challenging for the Cabinet secretariat to co-ordinate, as Foster notes. He concludes that the strengthening of the centre is an important innovation resulting in no 10 and the Cabinet Office now performing functions once discharged by Cabinet and its committees in search of collective responsibility.²⁸⁰ This is not necessarily a UK development only. The Canadian academic Donald Savoie has documented the abandonment of hierarchical organisation and clear boundaries in civil services and a downgrading of their role as the main source of policy advice across a range of Anglo-American states.²⁸¹

The former special adviser Roger Liddle was asked recently for his thoughts in a BBC programme on the centre of Government in 2005:

Could I finally ask, you've had now some time to reflect. How could 10 Downing Street work better?

Oh, I've always been a believer in a proper Department of the Prime Minister. That's basically what we argued for in the Blair Revolution prior to 1997. And I think that part of the problem with Number 10 is that Tony Blair tried to make it into a Department of the Prime Minister without actually calling it a Department of the Prime Minister. I think that there is a strong case for such a Department because I think that you do need a strong dynamic at the centre to drive forward the Government's political priorities and I also believe that there are quite a number of very intractable issues that cut across the traditional Whitehall departmental divisions. For instance, just to quote my own area, Europe, if you're trying to have a positive policy about Europe. You know, if you're trying to work out what are the areas where we should cooperate more with our European partners you've got to have cooperation from the Ministry of Defence, the Home Office, the Trade and Industry, the Treasury, all you know, the whole, there's a whole gamut of people involved and you need some central driving force but I think that it was always thought too difficult in media terms to actually have a Department of the Prime Minister, I actually think that we should have done it.²⁸²

A related issue is whether a strengthened centre has been more successful in policy delivery. Geoff Mulgan, former director of the Strategy Unit in the Prime Minister's office, has argued that "at a national level, more corporate approaches to policy-making and delivery have become accepted." He referred to the manner in which the recommendations from the Strategy Unit are tracked across government and work initiated by Government departments.²⁸³ Martin Kettle wrote in the *Guardian* in September 2005 that there had been significant policy failures, such as tax credits and anti-truancy initiatives, that resulted from the complexity of modern government and society.²⁸⁴ But Edward Page considers that the emphasis in central government has changed from achieving joined-up government to the delivery agenda. In considering the success of joined-up government he concludes that:

²⁸⁰ *ibid* p136

²⁸¹ Donald Savoie "From quiet village life to a world only for the brave" in *Changing Times*, 2005 Office of Civil Service Commissioners

²⁸² Look Back in Power series (http://www.bbc.co.uk/radio4/news/look_back_at_power.shtml)

²⁸³ Geoff Mulgan "Joined up Government: Past, Present and Future" in *Joined-Up Government* ed Vernon Bogdanor 2005. See the Strategy Unit impact tracker at <http://www.strategy.gov.uk/downloads/files/impacts.pdf>

²⁸⁴ "Labour isn't working" Martin Kettle 24 September 2005 *Guardian*

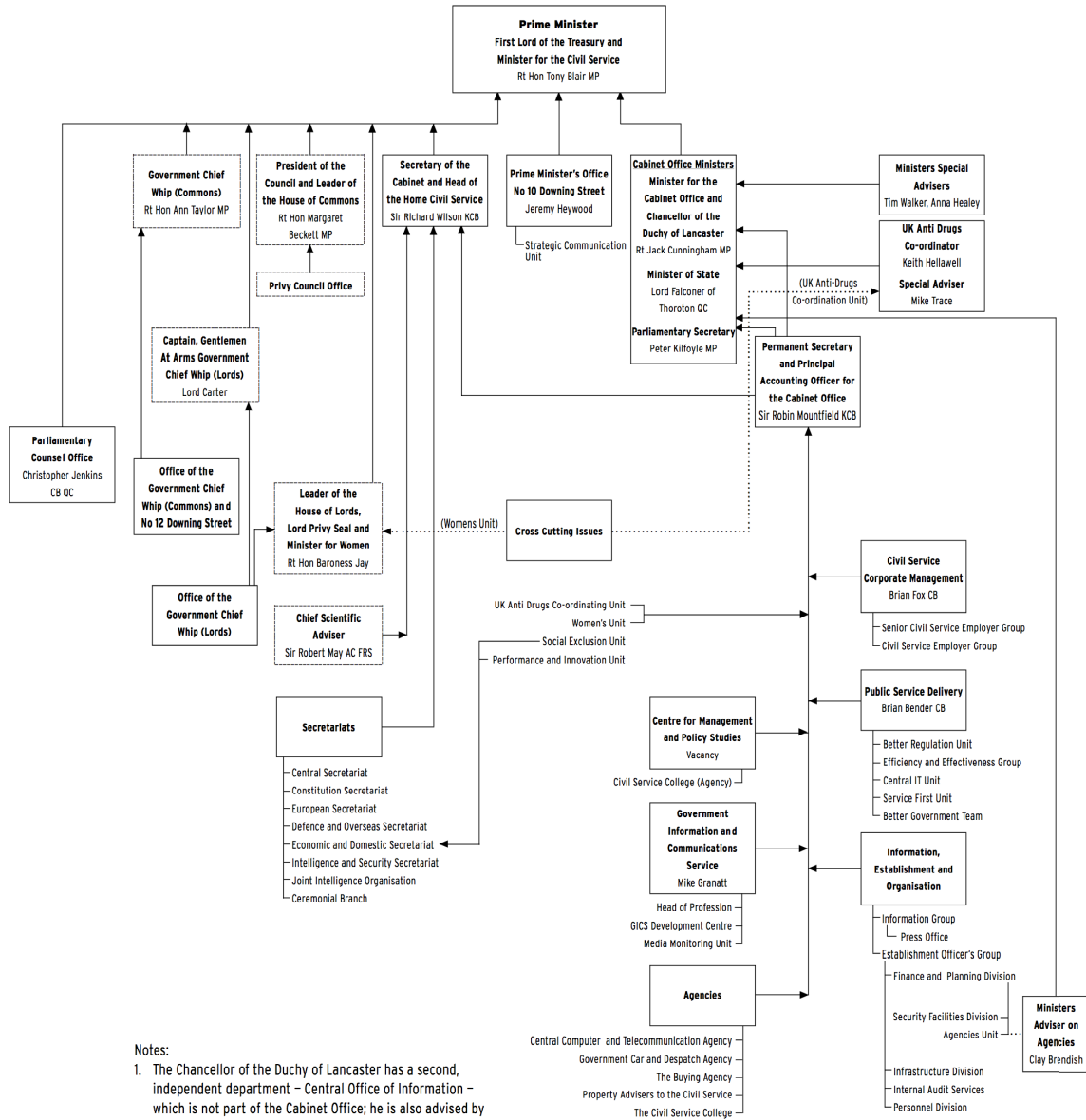
While some of the most loudly trumpeted of the joined-up initiatives from New Labour, such as the Rough Sleepers initiative or Sure Start, involve some collaboration across government departments, they are more significant for their success in bringing together local service-providing organisations than for making Whitehall departments work together.²⁸⁵

Page cites as evidence the National Audit Office report *Joining up to improve public services* published in 2001.²⁸⁶ The debate on the value of a strong centre is expected to continue for the foreseeable future.

²⁸⁵ Edward Page "Joined-up Government and the civil service" in *Joined-Up Government* ed Vernon Bogdanor 2005. p147

²⁸⁶ HC 383 2001-2

Appendix A – An Organisational Chart of the Cabinet Office following the first phase of change (March 1999)²⁸⁷



- Notes:
1. The Chancellor of the Duchy of Lancaster has a second, independent department – Central Office of Information – which is not part of the Cabinet Office; he is also advised by the Duchy Office on Duchy of Lancaster matters.
 2. Individuals in boxes with pecked lines are **not** part of the Cabinet Office but are included here to show the full reporting lines of those who are.
 3. The President of the Council (Margaret Beckett) is also responsible for Year 2000 issues.

²⁸⁷ The Government's Expenditure Plans 1999-00 to 2001-02: The Report of the Cabinet Office Cm 4221; March 1999, p20

Appendix B: An Organisational Chart of the Cabinet Office following the second phase of change (May 2002)²⁸⁸



The Rt Hon Tony Blair MP
Prime Minister, First Lord of
the Treasury and Minister for
the Civil Service

Cabinet Office Ministers



The Rt Hon John Prescott MP
Deputy Prime Minister and First Secretary of State



The Rt Hon The Lord Macdonald of Tradeston CBE
Minister for the Cabinet Office and
Chancellor of the Duchy of Lancaster
Reports to the Prime Minister



Barbara Roche MP ^Ü
Minister of State,
Minister for Women



Christopher Leslie MP
Parliamentary Secretary

^ÜReports to the Secretary of State for Trade and Industry
and Minister for Women, Patricia Hewitt MP, on women's
issues.

Also located in the Cabinet Office:

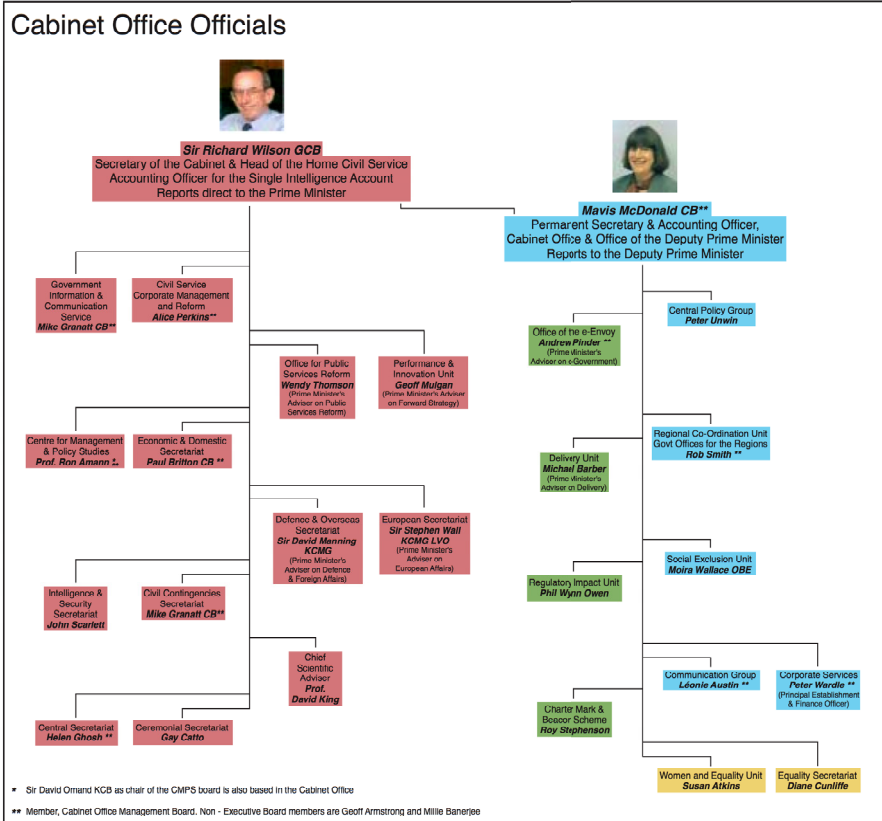
The Rt Hon Robin Cook MP
President of the Council
and Leader of the House of Commons

The Rt Hon The Lord Williams of Mostyn QC
Leader of the House of Lords

Charles Clarke MP
Minister without Portfolio
and Party Chair

Stephen Twigg MP
Parliamentary Secretary

²⁸⁸ *Departmental Report 2002: The Government's Expenditure Plans 2002-03 to 2003-04* Cm 5429; June 2002, pp78-9



The Rt Hon. John Prescott MP
Deputy Prime Minister and First Secretary of State

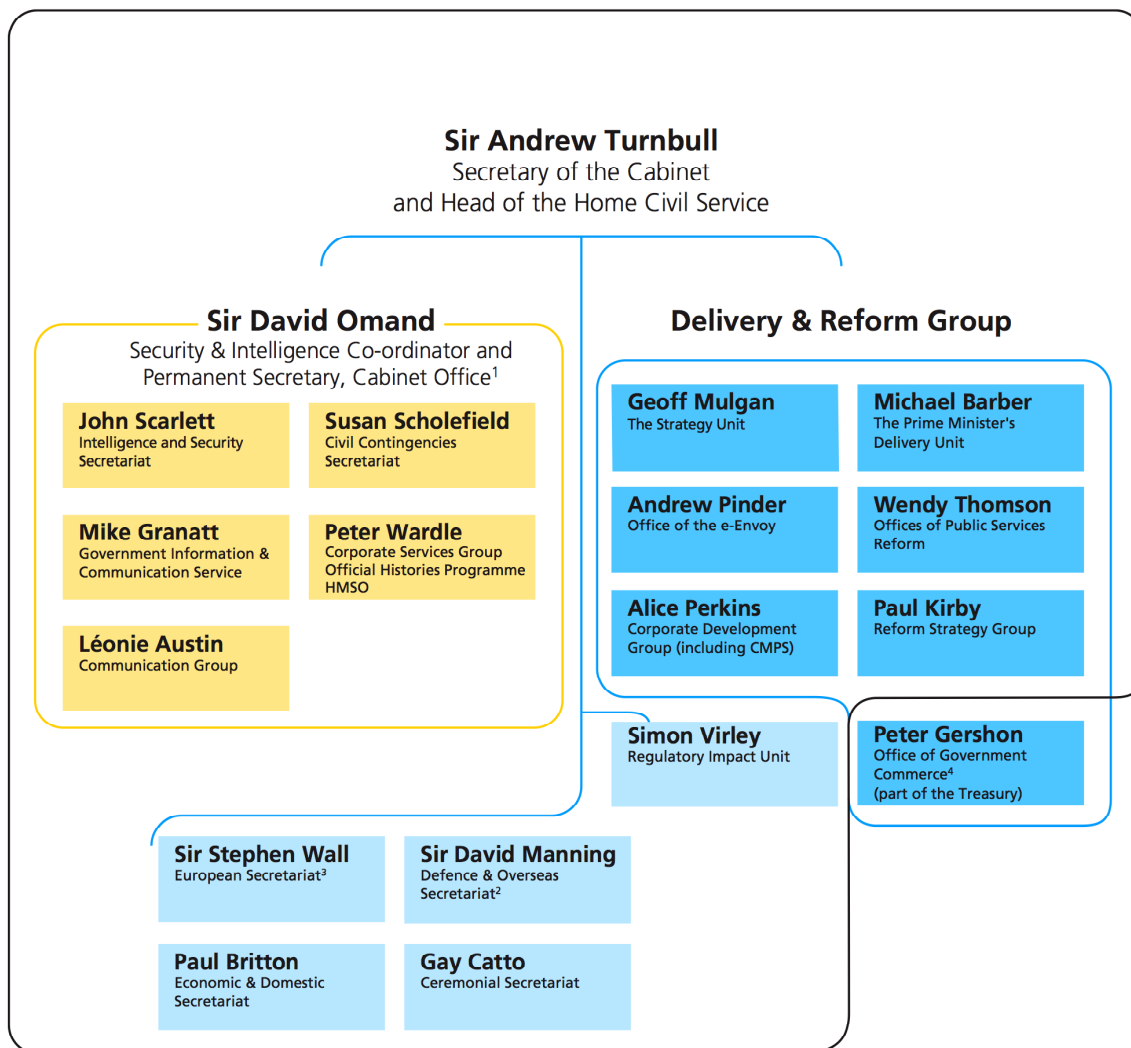
The Rt Hon. The Lord Munnell of Trenchard CBE
Minister for the Cabinet Office and Chancellor of the Duchy of Lancaster

Baroness Shields MP
Minister of State, Office of the Deputy Prime Minister, and Minister for Women

Sir Richard Wilson GCB
Secretary of the Cabinet & Head of the Home Civil Service
Accounting Officer for the Single Intelligence Account

Cabinet Office also includes the Advisory Committee on Business Appointments, Central Office of Information (COI), Civil Service Appeals Board, Commissioner for Public Appointments, Committee on Standards in Public Life, Government Car and Despatch Agency (GCDA), House of Lords Appointments Commission, Intelligence and Security Committee, Leader of the House of Lords and the Chief Whip, Office of the Civil Service Commissioners, Office of the Government Chief Whip, Parliamentary Counsel Office, Privy Council Office and Security Commission & Security Vetting Appeals Panel.

Appendix C: An Organisational Chart of the Cabinet Office following the third phase of change (May 2003)²⁸⁹



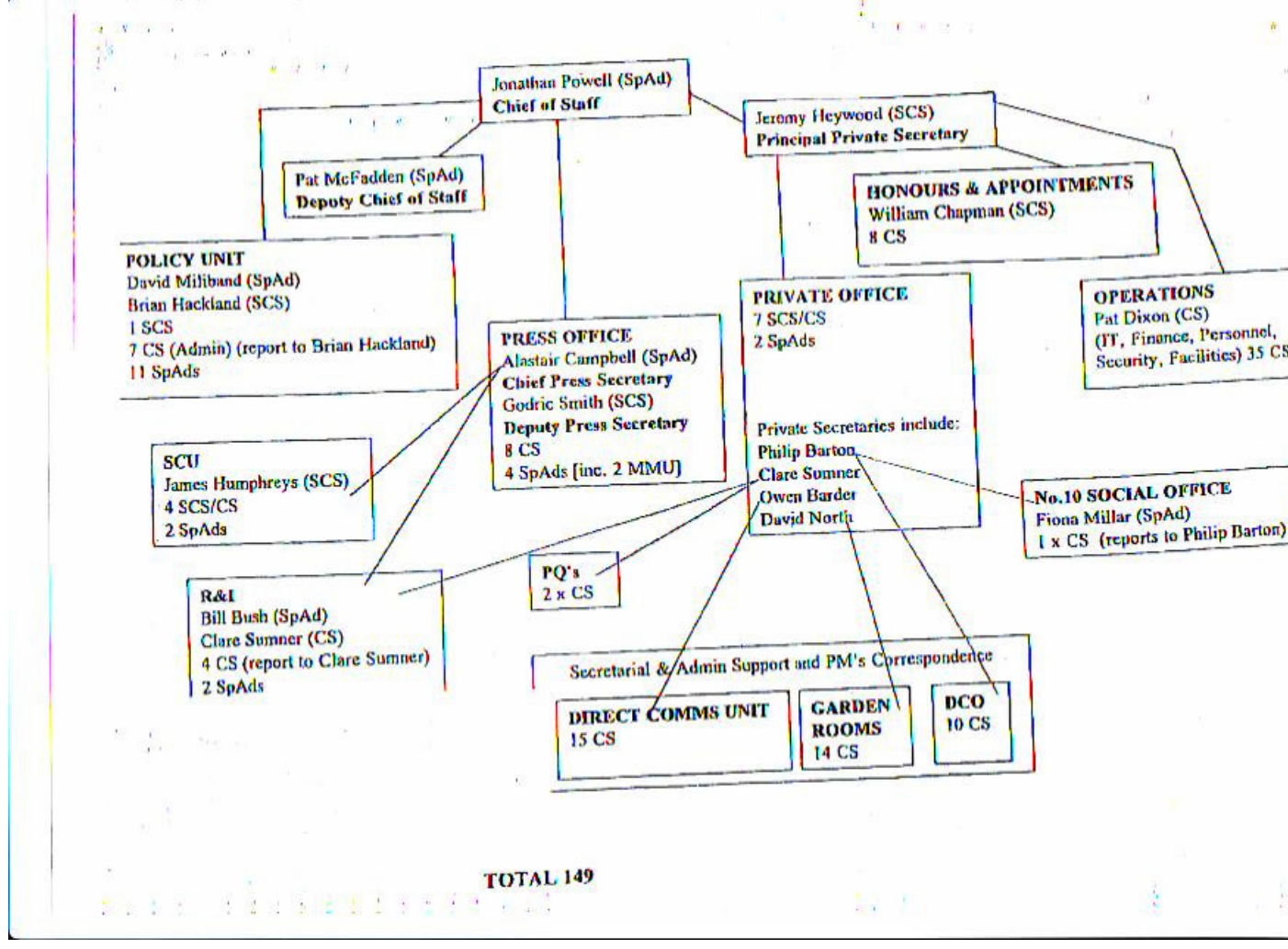
KEY ■ Reports to Sir Andrew Turnbull
■ Reports to Sir David Omand

NOTES

- 1 Sir David Omand is the Accounting Officer for the Cabinet Office and the Single Intelligence Account.
- 2 The Head of the Defence & Overseas Secretariat, Sir David Manning, is the Prime Minister's Foreign Policy Adviser.
- 3 The Head of the European Secretariat, Sir Stephen Wall, is the Prime Minister's European Adviser.
- 4 The Office of Government Commerce is part of the Treasury.

²⁸⁹ *Departmental Report 2003: Cabinet Office Cm 5926; May 2003, p10*

**Appendix D –Organogram of the Prime Minister’s Office
(February 2000)**²⁹⁰



²⁹⁰ Evidence given to Public Administration Select Committee 11 February 2002

Appendix F Organogram of the Prime Minister's Office June 2003²⁹¹

Communications & Strategy	Alastair Campbell Director, Communication & Strategy				Policy And Government	Jonathan Powell Chief of Staff			Government & Political Relations	Baroness Morgan Director, Government Relations
GODRIC SMITH Tom Kelly Press Office	Peter Hyman Strategic Communications Unit	Philip Bassett Research and Information Unit	Sir David Manning Foreign Policy Adviser	Sir Stephen Wall European Adviser	Jeremy Heywood Principal Private Secretary Head of Policy Directorate	Wendy Thomson OPSR	Geoff Mulgan PIU/FSU	Michael Barber Delivery Unit	Fiona Millar Events & Visits Office	
			Pat Dixon Operations	William Chapman Honours and Appointments Secretary	Andrew Adonis Policy Directorate				James Humphreys Corporate Communications Direct Communications Unit	
					PARLIAMENTARY SECTION	ADMINISTRATION			Robert Hill Political Office	

■	Reports to Sir Richard Wilson
■	Reports to Jeremy Heywood
■	Civil servant,
■	Special Adviser

²⁹¹ Dep 03/1313 June 2003

Appendix G Organogram of the Prime Minister's Office April 2004²⁹²

No.10 Organisation

Prime Minister

Jonathan Powell

Chief of Staff

Government And Political Relations	Communications And Strategy	Policy And Government				Political Operations	
Baroness Morgan Director of Government Relations	David Hill Director of Communications	Sir Stephen Wall European Policy Adviser	Ivan Rogers Principal Private Secretary Head of Policy Directorate	Geoff Mulgan Head of Policy & PM's Strategy Unit	Sir Nigel Sheinwald Foreign Policy Adviser	Michael Barber PM's Delivery Unit	Pat McFadden Director of Political operations
Events and Visits	Tom Kelly Press Office	Godrick Smith Strategic Communications Unit	Research And Information Unit	Jay Jayasundara Executive Secretary/ Head of Operations	William Chapman Honours and Appointments	Political Office	
Direct Communications Unit			Parliamentary Section	Administration			

²⁹² Dep 04/970