

HOUSE OF LORDS

Select Committee on the Constitution

4th Report of Session 2009–10

The Cabinet Office and the Centre of Government

Report with evidence

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Select Committee on the Constitution

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To examine the constitutional implications of all public bills coming before the House; and to keep under review the operation of the constitution.

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* Lord Irvine of Lairg was appointed to the Constitution Committee during the course of this inquiry. He decided to exclude himself from the Committee's consideration of the draft report and played no part in its deliberations. Nor did he receive any confidential Committee papers relating to the inquiry.

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(Q) refers to a question in oral evidence

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The Cabinet Office and the Centre of Government

CHAPTER 1: INTRODUCTION

1. In March 2009, the Committee began an inquiry into “the contemporary workings of the Cabinet Office and the centre of government.” The origin of the Cabinet Office can be traced back to 1916:

“The Cabinet Secretariat was formed in December 1916 to record the proceedings of the Cabinet; to transmit the decisions to 11 departments concerned in giving effect to them or otherwise interested; to prepare agenda papers, arrange for the attendance of Ministers and other persons concerned, and procure and circulate documents required for discussion; and to attend to correspondence connected with the work of the Cabinet. Until this point no formal record had been made of the proceedings of Cabinet. Primarily this role related to the Cabinet itself but was extended to cover Cabinet committees as they were established.” (Cabinet Office memorandum, p 119)
2. The role of the Cabinet Office has evolved over time. The Cabinet Office states now that its three core functions are supporting the Prime Minister, supporting the Cabinet, and strengthening the Civil Service. (p 117)
3. The Cabinet Office cannot be viewed in isolation from the other principal elements of the “centre of government”—the Treasury and the Prime Minister’s Office. We therefore decided that the inquiry should take account of these three elements, the relationships between them, and the roles of the Cabinet Secretary, the Prime Minister, the Chancellor of the Exchequer and the Minister for the Cabinet Office. We have attempted to ensure that the Cabinet Office remains the focus of this inquiry, but have also sought to reflect upon the role of other participants at the centre of government.¹
4. The centre reflects and impacts upon several key features of the UK’s structure of government:
 - The role of the Prime Minister;
 - Cabinet government and the principle of collective ministerial responsibility;
 - Departmental responsibility and accountability for policy;
 - The way in which policy originates and is co-ordinated across departments;
 - The accountability of government to Parliament; and
 - The role of the Cabinet Secretary and the Civil Service.
5. We asked each oral witness what they saw as the main constitutional principles relating to consideration of the Cabinet Office and the centre of government. Five themes emerged:

¹ See Appendix 4 for a diagrammatic representation of the centre.

- Accountability of the centre;
 - The role of the Prime Minister;
 - The role of Cabinet and the principle of collective responsibility;
 - The constitutional role of the Civil Service and its relationship with other key players; and
 - The changing role and function of the centre.
6. Rachel Lomax, a former departmental Permanent Secretary, told us that “the big one is accountability. If you have a department at the centre that defines itself as being responsible for making government work better, which is what the Cabinet Office does at the moment, the question of who is it accountable to, and for what, is something which needs to be thought about quite carefully.” (Q 184)
7. This report considers:
- Whether the function of the Cabinet Office in supporting the Cabinet has changed, and if so, how;
 - The roles of the Prime Minister, the Cabinet Secretary and the Minister for the Cabinet Office;
 - The nature of the Cabinet Office’s relationships with the Cabinet, the Prime Minister’s Office, HM Treasury, and other government departments;
 - The extent to which the Cabinet Office and the centre are subject to effective parliamentary accountability;
 - Whether the centre provides for effective co-ordination of the Executive’s activities.
8. **In our view, structures of accountability should mirror structures of power, and where structures of power have changed, the structures of accountability should be adjusted accordingly. Two considerations flow from this view:**
- **Upholding and improving parliamentary accountability;**
 - **Ensuring that all elements of the centre, and all aspects of the centre’s work are transparent.**
9. In the following three chapters we examine the role of the Cabinet Office in relation to each of its three core functions. In Appendix 3 we recite the historical context for the development of the centre, and seek to explain how it operates today.
10. The Committee took oral evidence from 28 witnesses over ten sessions, and received 15 written submissions. We have been assisted in our work by Professor David Richards, Reader, Department of Politics, University of Sheffield, who has acted as Specialist Adviser for the inquiry.

CHAPTER 2: SUPPORTING THE PRIME MINISTER

11. A core responsibility of the Cabinet Office is “Supporting the Prime Minister—to define and deliver the Government’s objectives”.²

The Cabinet Office and the Prime Minister’s Office

12. In the opinion of several witnesses, a key issue was the relationship between the Cabinet Office and the Prime Minister’s Office. The Cabinet Secretary, Sir Gus O’Donnell, said that prior to 1997, the Prime Minister’s Office “comprised of four main areas: a private office, a political office, a press office and policy unit. Between 1997 and 2001 changes made included the appointment of a Chief of Staff, the creation of a Strategic Communications Unit and the Social Exclusion and Performance and Innovation Units (reporting to the Prime Minister although they were based in the Cabinet Office). Following the General Election in 2001 the policy unit was merged to form a policy directorate. In addition three new units were set up, the Prime Minister’s Delivery Unit, the Office of Public Sector Reform and the Prime Minister’s Forward Strategy Unit again all based in the Cabinet Office.” (p 170) According to figures provided by the Cabinet Office, the Prime Minister’s Office currently has 200 members of staff on its payroll, an increase of 79 since 1998, but lower than the high of 226 in 2005. (p 166)
13. Evidence conflicted about the relationship between the Cabinet Office and the Prime Minister’s Office. In the view of some witnesses, the boundary between the two was blurred. Sir Richard Mottram, a former departmental Permanent Secretary and senior official at the Cabinet Office, asserted that “it is difficult to disentangle the roles and responsibilities of ‘Number 10’ and ‘the Cabinet Office’”, although “Number 10 is part of the Cabinet Office for public expenditure planning purposes”. (p 34)
14. Professor Peter Hennessy, Attlee Professor of Contemporary British History, Queen Mary University of London, argued that since May 1997 a Prime Minister’s Department had existed, “in all but name pretty well a fusing of the Cabinet Office and Number 10” (Q 2), while Dr Richard Heffernan, Reader in Government, Open University, claimed that “we do not know where the Prime Minister’s Department begins and where the Cabinet Office ends”. (Q 40)
15. The joint submission of three former Cabinet Secretaries, Lords Armstrong of Ilminster, Butler of Brockwell and Wilson of Dinton stressed that the two offices were functionally distinct: “The function of the Prime Minister’s Office is to serve the Prime Minister exclusively, whereas the function of the Cabinet Office is to serve the Cabinet (including the Prime Minister as chairman of the Cabinet) collectively ... In our view this functional distinction remains real, valid and important.” (p 54)
16. In the light of this evidence, we asked Sir Gus O’Donnell and the Permanent Secretary to the Prime Minister’s Office, Jeremy Heywood, to explain their respective roles, and the nature of the relationship between the two offices.
17. Sir Gus O’Donnell told us “there are not two departments. I stress there is one department. There is one Cabinet Office of which Number 10 is a subset

² http://www.cabinetoffice.gov.uk/about_the_cabinet_office.aspx

... a business unit.” (Q 377, p 161) He also stated that “they are functionally distinct within the Cabinet Office and Number 10 has been for decades part of the Cabinet Office. That works well. Number 10’s particular function is supporting the Prime Minister but ... when there comes a policy issue, they call upon the resources of the Cabinet Office.” (Q 376)

18. Jeremy Heywood told us that although “Number 10 has a discrete role and a discrete identity within the Cabinet Office, the border between the two is very porous. Many of the Prime Minister’s top advisers are located in the Cabinet Office ... the apparently clear distinction between the Prime Minister supported by Number 10 staff and the Cabinet Office supporting the Cabinet ... just does not capture the reality of the situation.” (Q 376)
19. Jeremy Heywood is the first Permanent Secretary to the Prime Minister’s Office, having been appointed by the Prime Minister in 2008. (p 170) He explained how his post had been created:

“Probably the biggest difference in some ways between the Blair Downing Street and the Brown Downing Street is that Tony Blair specifically had a chief of staff who was a special adviser, Jonathan Powell. Gordon Brown did not want to replicate that model ... he decided about six months in that he needed a more senior figure to run Number 10 in the absence of a Jonathan Powell type figure ... I was brought in not as a Chief of Staff, but as technically a second Permanent Secretary as the most senior person running Number 10 in the absence of the sort of special adviser model that we had under Tony Blair ... From my perspective, I think it is a good idea to reassert the Civil Service being in the lead in Number 10 overall. I think that is a better model than the model from 1997 onwards.” (Q 343)

20. He also told us what his role entailed:

“I oversee the whole of Number 10 from the Civil Service perspective. I act as a sort of senior adviser to the Prime Minister day-to-day ... I oversee Number 10—200 people. I make sure the Prime Minister has the advice and support he needs to carry out his multiple functions as head of government, Chairman of the Cabinet, Chairman of about 12 Cabinet committees”. (QQ 343–4)

21. Mr Heywood also sought to explain the nature of his relationship with the Cabinet Secretary, and with the Cabinet Office more widely:

“[I work] very closely with Gus ... This is not some completely separate organisation. I get a lot of support from the rest of the Cabinet Office. Gus remains the Prime Minister’s principal adviser on significant issues ... I think there is a clear demarcation between really important issues of propriety or security or immensely difficult issues relating to individual personalities or whatever, where we keep Gus’s powder dry for those. The day-to-day does require a certain gravitas and experience ... Gus is the boss.” (QQ 343–5, 378)

22. We consider the role of the Cabinet Secretary in more detail in Chapter 4 below.

23. The Minister for the Cabinet Office, Rt Hon Tessa Jowell MP, told us that “there are six senior officials of permanent secretary rank within the Cabinet Office”. (Q 268) As well as Sir Gus O’Donnell and Jeremy Heywood, the six include Jon Cunliffe, the Prime Minister’s adviser on international economic

affairs and Europe, Matt Tee, Permanent Secretary for Government Communication, Alex Allan, Chairman of the Joint Intelligence Committee and Stephen Laws, Permanent Secretary at the Office of Parliamentary Counsel. (p 170) When we asked Sir Gus O'Donnell why this was so, he told us that "what you have in Number 10 and what Prime Ministers want is very senior people because what you have to do is talk to other governments ... When you are talking to your opposite numbers at head of government level, you do need to have some very senior people. We will always be a very top-heavy department." (Q 428) However, Rachel Lomax told us that "part of this is because people want the recognition and they want the salary that goes with being a Permanent Secretary. But they do not have the accountability that goes with being a departmental Permanent Secretary. They are not doing a managerial job on the same scale. I would not attach too much importance to the titles. I think titles are there as a device for motivating people." (Q 199)

24. Formally defining the administrative relationship between the Cabinet Office and the Prime Minister's Office is not simple, as there are no official documents codifying it. Some experts on Britain's machinery of government argue that they are two distinct, but closely-related entities operating at the centre of British Government.³ The annual *Civil Service Year Book* presents the Cabinet Office and Prime Minister's Office as two distinct entities, with separate entries for each.⁴
25. **Sir Gus O'Donnell asserted that "there is one Cabinet Office of which Number 10 is a subset". This description of the relationship between the Cabinet Office and Prime Minister's Office was not reflected in other evidence that we received. It conflicts, for instance, with the statement of Lords Armstrong, Butler and Wilson, that the two offices are "functionally distinct". It is open to doubt whether Sir Gus O'Donnell's description of the Prime Minister's Office as a "subset" and a "business unit" goes beyond what Sir Richard Mottram told us, that "Number 10 is part of the Cabinet Office for public expenditure planning purposes", and whether it accurately describes how the centre operates in practice. We believe that the nature of this relationship should be clarified by the Cabinet Office, and should be reflected in government publications, which appear to suggest that the two offices are independent institutions.**
26. **The role of the Prime Minister's Office is central to the role and structure of the centre of government. The establishment by the current Prime Minister of the post of Permanent Secretary to the Prime Minister's Office is an important step in the evolution of the structure of the centre. We recognise the arguments set out by Sir Gus O'Donnell and Jeremy Heywood in favour of the current arrangements, and Sir Gus O'Donnell's explanation of the role of the six permanent secretaries located in the Cabinet Office. We recommend that the Prime Minister's Office, and the Permanent Secretaries that operate within it, are subject to appropriate parliamentary accountability mechanisms.**

³ See for example J.P. Mackintosh (1968) *The British Cabinet* 2nd edn. London: Methuen, R. Blake (1975) *The Office of Prime Minister* Oxford: Oxford University Press, D. Kavanagh and A. Seldon (1999) *The Powers Behind the Prime Minister* London: Harper Collins.

⁴ See for example Cabinet Office (2009) *The 47th Civil Service Year Book*, London: HMSO.

The role of the Prime Minister

27. Our evidence suggested that the role of the Prime Minister has changed, which has affected the structure and function of the centre. There was evidence that the Prime Minister's role depended on a combination of factors.

i) Personality and experience

28. Witnesses opined that each Prime Minister had a personal style which was often influenced by their personality or by their experience. Sir Gus O'Donnell told us that "the style of the Prime Minister is very important. I worked with John Major who had a very collegiate style. He used the Cabinet committees in that way. Tony Blair, when he came in in 1997 ... had a strong emphasis on stock takes and delivery ... There is a personality element." (QQ 383, 387) He also said that recent Prime Ministers had had varying levels of prior ministerial experience. (Q 387)
29. Jeremy Heywood told us that Tony Blair and Gordon Brown "had different styles in many respects and some similarities. We found it important to be responsive to their changing styles, the way they wanted to work and of course the evolving priorities of the day." (Q 342) Professor Hennessy contrasted "destiny" Prime Ministers such as Margaret Thatcher and Tony Blair with those "more attuned to a collective style", such as James Callaghan and John Major. (Q 5)

ii) Political context

30. Witnesses also recognised that the power of any Prime Minister was highly dependent upon the political context of the time. Sir Gus O'Donnell told us that Gordon Brown's time as Prime Minister had been dominated by global events and the economic agenda. (Q 383)
31. Lord Wilson told us that "Prime Ministers are only as powerful as their colleagues allow them to be. You may have times, we have had times, when Prime Ministers have been so strong that their colleagues accepted anything that they wanted to do ... but that does not alter the fundamental fact that if circumstances are different and a Prime Minister is in a weak position ... it is not possible for the Prime Minister to have his way". (Q 110)
32. Sir Michael Barber, former Head of the Delivery Unit, referred to one specific example which illustrated that "the power of a given Prime Minister is very contingent on the moment ... I remember in 2003 that one of the things Tony Blair was considering was ring-fencing funding for schools ... but he chose not to take it to the Cabinet because he was exhausted. It was immediately after the Iraq War and he did not think he had the political capital to take it through ... A year later there was exactly the same issue, exactly the same principles; he felt powerful enough to take it through, so you get an ebb and flow in prime ministerial power." (Q 220)

iii) Secular trends

33. We considered what Sir Robin Mountfield, former Permanent Secretary, Cabinet Office, referred to as a "secular trend" (Q 139) towards a more dominant Prime Minister. Dr Heffernan said that "there is a reality that the Prime Minister is much more now than *primus inter pares* [first among equals] ... The old days of Baldwin and Attlee as chairmen of the Cabinet have gone

- ... The Prime Minister will be much more significant than other ministers”. (Q 53)
34. Sir Gus O’Donnell asserted that the role of Prime Minister had evolved: “The number of overseas visits for the Prime Minister has gone up. That is a trend of globalisation. Prime Ministers inevitably are going to be much more involved in that global role and I think that is important.” (Q 342) Sir Michael Barber agreed. (Q 210)
 35. Lord Lipsey, who in the late 1970s was a special adviser to the then Prime Minister James Callaghan, observed that “the media did not, in our day, hold the Prime Minister responsible for every single thing that happened in every single corner of Whitehall ... and there was not need for the Prime Minister to react swiftly to everything that happened, as present Prime Ministers have to. I think that is a very strong pressure which tends in the direction of a more prime ministerial system.” (Q 101) Lord Armstrong and Sir Robin Mountfield agreed. (QQ 111, 139)
 36. Conversely, Jonathan Hill, Head of the Prime Minister’s Political Office under John Major, thought that “the 24/7 thing everyone talks about is a complete red herring ... Personally I think that the relationship which has developed over a long period of time between the media and government and politics is too close, is not healthy and it is perfectly possible to have a situation where government is not constantly drip-dripping to the media”. (Q 321)
 37. Lord Heseltine had “a very clear view that the Prime Minister is *primus inter pares* ... That is basically why I left government in 1986; there was a discussion as to what extent it was *primus inter pares*. I thought I had rights as a Cabinet Minister and those rights were effectively denied me”. (QQ 229, 233)
 38. A number of witnesses reflected upon the experience of the Blair government. Lord Butler, who was Cabinet Secretary in 1997, told us that “it was part of the explicit purpose of Mr Blair to strengthen the centre, and ... to make the Cabinet Office a part of the Prime Minister’s Department”. (Q 121) Dr Heffernan told us that Tony Blair “thought his problem as Prime Minister was not that he was too powerful: he was not powerful enough ... he thought that he did not have enough control over government. That is why he built up, incrementally ... [the] central capacity of Downing Street”. (Q 53)
 39. Sir Michael Bichard, a former departmental Permanent Secretary, told us that this was part of a process rather than a single event. (Q 198) Sir Robin Mountfield thought that it was an acceleration of a longer-term, if inconsistent, trend. (QQ 161–2) Sir Michael Barber argued that prime ministerial input into policy decisions was nothing new, although he suggested that the scale of what Tony Blair sought to achieve was greater. (Q 219)
 40. Tessa Jowell argued that “the character of the centre is very heavily defined by the phase of the electoral cycle, so the role of the centre in 1997 was much more vigorously interventionist. You had a government of ministers who were in government for the first time, you had departments that were faced with radically new policy priorities and you had a government that was in a hurry to achieve results. Now the Government is much more mature, you have much more self-confident departments and self-confident ministers—

that is a good thing. The role of the centre changes in response to that”. (Q 284)

Assessing the implications

41. The evidence which we received suggested a change in the Prime Minister’s role.

i) A perceived increase in the Prime Minister’s involvement in policy delivery

42. There was widespread agreement that the Prime Minister’s involvement in policy delivery had increased. (QQ 45, 55, 188, p 34) Sir Gus O’Donnell stated that “there has been a greater involvement in the initiation and delivery of policy since 1997. This has resulted from the centre being stronger and more influential since then.” (p 162) Witnesses argued that one of the reasons for an enhanced prime ministerial role is the growth of cross-cutting issues. Sir Robin Mountfield said that “many of the great issues that face a modern government are ones that span organisational boundaries ... therefore there needs to be a stronger co-ordination”. (Q 139) Geoff Mulgan, former Director of the Strategy Unit, argued that this growth had put pressure on the traditional structures of government. (Q 210) Dr Tony Wright MP, Chairman of the House of Commons Public Administration Select Committee, agreed and told us that the centre was seeking to respond appropriately. (Q 13)
43. **We conclude that a greater involvement and influence by the Prime Minister on policy delivery is inevitable in the modern age, that the Prime Minister’s role has evolved over a long period under different governments, and that Prime Ministers will wish to use all possible resources in pursuit of the role. We recommend that the Prime Minister’s role and the centre’s role in policy delivery are transparent and accountable to Parliament.**

ii) The Delivery Unit and the Strategy Unit

44. A consequence of the Prime Minister’s increased involvement in policy delivery has been the growth of units at the centre tasked with delivery of policy aims. Witnesses referred to two examples, the Delivery Unit and the Strategy Unit. The Delivery Unit was set up in 2001 “with a remit to strengthen the Government’s ability to deliver the Prime Minister’s key public service priorities” in four key areas—education, health, crime and transport.⁵ The Strategy Unit was established in 2002 to improve the Government’s capacity to address long term and/or cross-cutting strategic issues.
45. Sir Gus O’Donnell told us that the Delivery Unit was set up to allow the Prime Minister “to look at delivery in certain key areas and to say, ‘I have four really big priorities and I want to ensure this Government delivers them.’ Nowadays, the big things like climate change, obesity ... require departments to collaborate across those boundaries, so having a Delivery Unit ... that works with departments ... can be a very effective way of

⁵ http://www.cabinetoffice.gov.uk/newsroom/news_releases/2005/051215_watmore.aspx cf. Richards and Smith (2006a) ‘Central Control and Policy Implementation in the UK: a Case Study of the Prime Minister’s Delivery Unit’ *Journal of Comparative Policy Analysis* Special Issue Vol. 8 No.4 Winter 2006 pp 325–346.

ensuring that those particular delivery outcomes are achieved.” (Q 352) Tessa Jowell asserted that the Delivery Unit “exists to ensure that all departments have access to the best advice on how to continually improve delivery and that Ministers collectively have access to information about the performance of priority areas”. (p 131)

46. Other witnesses commended the role of these two units. Dr Wright thought that the Strategy Unit “was extremely valuable”, although he was concerned that much activity went to waste because departments ignored it. (QQ 7, 14) He also thought that the Delivery Unit “did excellent work trying to identify government priorities across the board and then chasing them with departments and having prime ministerial backing”. (Q 7) Professor Hennessy and Sir Richard Mottram agreed that the units had been successful. (QQ 7, 85)
47. The former Head of the Delivery Unit, Sir Michael Barber, told us that they “regularly got independent people to ask permanent secretaries and ministers and senior civil servants what they thought about the Delivery Unit, and the thing they constantly came back to was (1) we were very helpful; (2) we kept the priorities of the Prime Minister clear and consistent; and (3) we enabled them, we strengthened their capacity to deliver.” (Q 211)
48. Other witnesses noted the significance of these units in terms of the evolution of the role of the Prime Minister. Professor Martin Smith, Professor of Politics, University of Sheffield, thought that the involvement of the Prime Minister in the implementation of policy through the Delivery Unit “really is a considerable change. Before then, the Prime Minister might become involved but essentially it was the departments that were left to handle it. What has happened ... is that departments to some degree have either been bypassed or have been very strongly pushed by the centre.” (Q 45)
49. Lords Armstrong, Butler and Wilson warned that whilst they had no objection in principle to such units being located in the Cabinet Office, it was necessary to establish “that their role is one of co-ordination, that their responsibilities do not overlap and that they do not impinge upon or conflict with the executive responsibilities of Ministers in charge of Departments. We believe that these conditions are not always satisfied at present.” (p 55) Simon Jenkins, Columnist, *The Guardian*, argued that the Delivery Unit was disempowering of departments, Permanent Secretaries and ministers. (Q 21)
50. The Delivery Unit was originally located in the Cabinet Office, but was moved to the Treasury in 2002, although it continued to report directly to the Prime Minister. After 2007, it was again reformed and in its current guise it now reports “jointly to the Prime Minister and to the Chancellor and ... [is] based in the Treasury, working ... closely with No 10, Cabinet Office and HM Treasury officials, and Departments, on the critical priorities and actions needed to strengthen delivery across Government, and on the reform of key public services”.⁶
51. Peter Riddell, Chief Political Commentator, *The Times*, told us that Sir Michael Barber had ensured that the Delivery Unit “actually worked out of the Treasury even though he was technically part of the Cabinet Office at Number 10, because he knew that the only way to get effective was to get alongside the Treasury. And indeed it has now been absorbed effectively by

⁶ HC Debs 28 June 2007, col 39WS.

the Treasury in that way.” (Q 30) Sir Robin Mountfield told us that although it was “established originally in the Cabinet Office ... [it] has moved essentially into the Treasury now”. (Q 164) Tessa Jowell told us that the Delivery Unit was currently located in the Treasury “because its focus is very specifically on measuring the impact of public service reform”. (Q 262) She seemed uncertain whether the Delivery Unit still retained its original title of “the Prime Minister’s Delivery Unit”. (QQ 263, 272)

52. **We believe that the Delivery Unit and the Strategy Unit play a useful role in delivering the Government’s policy agenda, for instance in co-ordinating work across government departments, and that there should be transparency and accountability for the work of these units.**

iii) A “Dustbin Function”?

53. Evidence was submitted that the Delivery Unit and the Strategy Unit had done a worthwhile job, but there was concern about the formation of new policy units. Sir Robin Mountfield used the term “dustbin function”, to mean that the Cabinet Office, under both the current and previous administrations, “has from time to time been seen as a home for special units or other activities for which no other natural home had been established”. (p 70) In his memoirs, Lord Heseltine referred to the Cabinet Office as a “bran tub”.⁷
54. Professor Dennis Kavanagh, Emeritus Professor of Politics, University of Liverpool, argued that the Cabinet Office had become a “dumping ground”, (Q 45) while Lords Armstrong, Butler and Wilson, opined that “the proliferation of units” had made the centre “an over-large and over-crowded area”. (p 55) Dr Anthony Seldon opined that “the new system is bloated” and “a mess”. (p 181)
55. Whilst Sir Michael Bichard argued that compared with other countries the UK has a relatively small centre, he opined that from 1997 to 2002 there has been “a growth of units at the centre but no loss of units at the centre”, and that this growth diluted the effectiveness of the centre. (QQ 187, 198)
56. Rachel Lomax thought that there had been a period from the late nineties when the centre was very incoherent but that things had improved “in the sense that everything is in the Cabinet Office”. (Q 186)
57. Rt Hon David Blunkett MP told us that the Cabinet Office had historically been used as a repository for units and functions which did not obviously fit elsewhere. Lord Heseltine said that the Cabinet Office had become a repository when he arrived there in 1995. (QQ 229, 252) Sir Michael Barber asserted that “both strategy and delivery ... are key functions of the centre of government wherever you are in the world”. (Q 214) Several witnesses referred to specific functions which they thought were misplaced in the Cabinet Office. Peter Riddell and Sir Richard Mottram questioned why social exclusion and the third sector were located in the centre. (QQ 24, p 35) Sir Robin Mountfield likewise said that it was “wholly inappropriate” for responsibility for the third sector to lie with the Cabinet Office and concluded that “alternative homes should be found for most of these activities”. (Q 171)

⁷ M. Heseltine (2000), *Life in the Jungle: My Autobiography* London: Hodder and Stoughton, p 489.

58. Jonathan Powell, former Chief of Staff to Tony Blair, suggested that, after each election, most of the units which had “accreted to the Cabinet Office over the previous four or five years” should be assigned “to individual departments so that the Cabinet Office can focus on its core functions”. (p 181)
59. Peter Riddell told us that the Cabinet Office should be slimmed down. (Q 33) Jonathan Hill told us that “having more and more people performing different functions in different silos does not, in my view, make government or the centre more efficient or stronger”. (Q 316)
60. Simon Jenkins said that “you will not slim down the Cabinet Office; you either abolish it or it will muddle through getting bigger every year, I promise you that”. (Q 33)
61. Sir Gus O’Donnell said that the “core functions ... lead us to focus on the priorities of the Government of the day. Providing the support necessary to deliver the priorities of the Prime Minister and the Cabinet Office Minister does at times lead to a necessary widening of the strategic objectives, and consequentially, the functions of Cabinet Office. Our aim in such circumstances, however, is to incubate functions in the Cabinet Office which, when ready, can be transferred to a more permanent home.” He cited as examples the Better Regulation Executive, now located in the Department for Business, Innovation and Skills; DirectGov, now part of the Department for Work and Pensions, and the Office of Cyber Security, recently established in the Cabinet Office. He also asserted that when he arrived in the Cabinet Office “there were also a number of functions that did not necessarily fit well with our core functions”, such as the Government Car and Despatch Agency, the National School of Government and the Office of Public Sector Information, which were transferred to other departments “where the fit was more obvious”. (p 161)
62. Tessa Jowell did not favour the description of the Cabinet Office as a dustbin, but argued that “the role of the centre ... is dynamic, and ... sometimes functions which do not have a logical home elsewhere may reside for a time in the Cabinet Office ... it is to the Government’s advantage that resource at ‘the centre’ instigates and oversees some policy priorities, particularly in the early stages of development ... the centre of Government should continue to ensure it is no larger than it needs to be to get the job done and that it has the skills and personnel it needs to respond flexibly as requirements change.” (Q 268, pp 131–2) She described the flexibility of the centre’s structure as an advantage, so that it could be “responsive to the demands of the day”. She cited the way in which the centre had “adapted to some of the more contemporary changes”, for instance its response to the economic downturn. (Q 258)
63. Like Sir Gus O’Donnell, Tessa Jowell told us that “there are areas where the Cabinet Office will intervene and incubate and then the specific policies and the units to support their development and delivery will be repatriated to the relevant department”. (Q 265) She cited the Cabinet Office’s work on social exclusion as an exemplar of this “incubator” role. (QQ 268, 271)
64. When it was established in December 1997, the Social Exclusion Unit was situated in the Cabinet Office. It was later transferred to the Office of the Deputy Prime Minister. In 2006 the Unit was abolished and replaced by a smaller Social Exclusion Task Force, yet this was transferred from the

Department of Communities and Local Government back to the Cabinet Office.

65. Dr Wright told us that “if you went through the last ten years and just drew up a list of all these different named units ... it is utterly bewildering”. (Q 14) The Committee asked the Cabinet Office to provide details of those units that had been established in, entered into or left the Cabinet Office. In addition to four units that were already present in the Cabinet Office in 1996, and three for which no “in” date has been listed, a further 18 units have either been established in or entered the Cabinet Office since 1996. Of this total of 25 units, 18 have been transferred out (some of which have since been disbanded) and seven remain. At least two units were transferred out, only to be subsequently transferred back in, whilst the remnants of other transferred units, subsequently disbanded, have also returned to the Cabinet Office. Other units were transferred in from other departments, only to be transferred out again. (pp 167–9) We agree that this picture is “utterly bewildering”.
66. **We agree with the Minister for the Cabinet Office that the flexibility of the structure of the centre of government is an asset. We also recognise the value of an “incubator role”, where the Cabinet Office develops units and functions that are consequently transferred to the relevant government departments, but we fear that the Cabinet Office has tended to function less as an incubator and more as a dustbin. The fact that policy units for which no other home can be found have been placed in the Cabinet Office underlines the constitutional importance of ensuring that the Cabinet Office and the units within it are properly held to account.**
67. **We recommend that a review of the units that have accrued to the centre be undertaken by the Government, including an examination of the rationale for each unit’s continued existence, and for its location at the centre of government rather than in a department. In order to ensure that the Government are properly held to account, we recommend that a copy of this review be sent to this Committee and also, should they wish to receive it, to the House of Commons Public Administration Select Committee. We also recommend that the same review process be repeated regularly. Appropriate mechanisms should be put in place to ensure that those units that remain are held to account in an effective manner.**

iv) Special advisers

68. Special advisers date back to the nineteenth century. The current system of special advisers was formalised by the Wilson Government in 1974, when ministers were permitted to appoint advisers on a permanent and regular basis. In 1974, there were 31 special advisers and by the end of the Major Government the figure had risen to 38 (including eight in Number 10). There was an increase in the number of special advisers after 1997, with 70 being employed during the first year of the Blair Government (including 18 in Number 10), rising to 84 by 2004 (including 28 in Number 10) and declining to 74 in July 2009 (including 25 in Number 10).⁸

⁸ Numbers drawn from Richards, D. (2008) *New Labour and the Civil Service: Reconstituting the Westminster Model* Basingstoke: Palgrave Macmillan and HC Debs 16 July 2009, Col 74WS *Special Advisers*.

69. The change in numbers since 1997 include two different types of advisers currently working in Whitehall, the political advisers working with ministers in individual departments to offer either political or policy advice, and the media strategist advisers introduced after 1997.
70. Sir Robin Mountfield argued that although the Civil Service should not be “a monolithic provider of advice”, neither should special advisers provide the primary source of advice. He warned that many special advisers acted as “unaccountable junior ministers”. (QQ 139, 175) Although he felt that there had been a growth in the influence of special advisers since 1997, he denied that 1997 had constituted a watershed. (Q 181)
71. Lord McNally, a former special adviser in the Callaghan administration, told us that the balance between civil servants and special advisers has changed for the worse. He also thought that it was now too easy for an individual to cross over from political appointment to civil servant or from civil servant to political appointment. (Q 100)
72. Jonathan Hill told us that the behaviour of special advisers today was very different from the behaviour of special advisers in the 1980s: “When I first became a special adviser I would describe the role as being that of a political private secretary and it was there to meet the need—which had crept up on Cabinet ministers, they were busy being Cabinet ministers—there was political stuff that they needed to do”. (QQ 301, 327)
73. Baroness Hogg, Head of the Prime Minister’s Policy Unit under John Major, agreed that “having civil servants in the mix not only helped to make the bridge secure, it helped us to think carefully about what we were doing because obviously the whole point of it would be to ensure that the civil servants were not drawn into inappropriate activities”. (Q 297)
74. Lord Butler told us that special advisers “have a definite role to play ... What is important is that a good minister will bring to bear both the ideas of special advisers and the experience and advice of the Civil Service.” (Q 125) Whilst he acknowledged the increase in numbers, he pointed out that “it is not large in relation to the size of the Civil Service”. (QQ 128–9)
75. Lord Wilson, whilst agreeing that a special adviser used well by a Secretary of State is an advantage for the Civil Service as well as for the minister, wanted a clear definition of the powers and duties of special advisers and a limit on their numbers. (Q 129) Lord Armstrong thought that there should be a limit of two per Secretary of State as a maximum. (Q 129) Jonathan Hill suggested a limit of one special adviser per department as had been the case in the 1980s. He also thought that if the government wanted more than this number, the political party in Government should pay for it. (Q 328)
76. Lord Burns, a former Permanent Secretary to the Treasury, stressed that he was not opposed to special advisers, but was concerned that the increase in their number had created a culture of “informality and of lack of structure ... of interference and second-guessing”. (Q 87)
77. The former Cabinet Secretary, Lord Turnbull, suggested that the “balanced triangle of the minister, the special advisers and the civil servants” had been disrupted to the extent that “the authority and closeness of civil servants has diminished”. (Q 174)
78. There was evidence that the role and influence of special advisers in the centre had been particularly subject to change in recent times. Lord Turnbull

observed that “the massive increase” in numbers of special advisers “has been in Number 10”. (Q 181) Professor Kavanagh told us that the role of a special adviser is now “a much bigger job ... When John Major left Number 10, I think he had seven special advisers. That had been pretty well the norm ... Under Tony Blair it reached nearly 30. Gordon Brown reduced it but it is going back up again.” (Q 55)

79. Sir Richard Mottram told us that this “led to a Number 10 Downing Street that was more powerful relative to the rest of the system, was less interested in formal processes of decision-making, was more dominated by special advisers and less dominated by officials”. (Q 78)
80. A number of witnesses referred to the Blair Government’s decision in 1997 to pass an Order in Council that granted the political advisers Alastair Campbell and Jonathan Powell the power to instruct civil servants. The then Cabinet Secretary, Lord Butler, told us that he was responsible for the Order in Council, which was made in order to place the *de facto* practice on a legal footing. He said that “it rather shook me to realise how easily the fundamental structure of our Civil Service could be changed, and once that Rubicon was crossed you could never go back”. (QQ 130–1) Lord Wilson and Lord Armstrong agreed that advisers should not possess this power. (Q 133) The Order in Council was revoked after Gordon Brown became Prime Minister in 2007.
81. Other witnesses called for reform of the role of special advisers. Dr Heffernan thought that special advisers were “necessary and inevitable”, but argued that their role and the nature of their relationship with civil servants should be regulated in statute. He also thought there should be more “technocratic” special advisers as opposed to those who “simply leak and brief on behalf of their principal”. (Q 55)
82. Lord Heseltine distinguished between advisers with specialist policy knowledge and political advisers: “I would have the lot out if they are political advisers, out with the whole lot. It has done nothing but undermine something of the probity of public life ... Special advisers are invaluable, but special advisers are people who have an expertise outside. They act very largely in a non-party political way ... I am all for those sorts of special advisers, I am totally opposed to the politicisation of advisers.” (Q 249)
83. Whilst David Blunkett agreed about the usefulness of specialist policy advisers, he argued that “a small number of political advisers who do not actually give advice but are the eyes, ears and arms of the Secretary of State can be invaluable in protecting the Civil Service, particularly those very close to the ministers, from being politicised”. (Q 249) Tessa Jowell told us that in her experience, “civil servants and special advisers work very well together recognising that for a policy to work it needs political context as well as a range of public service skills”. (p 132)
84. **We believe that special advisers have an important role to play in the work of government, but that it is necessary to ensure that advisers fulfil an appropriate function that complements, rather than diminishes, the role and responsibilities of ministers and civil servants. Transparency should apply to the work of special advisers. We welcome the provision for a Code of Conduct for special advisers included in the Constitutional Reform and Governance Bill. This Code should include a procedure to limit the numbers of special**

advisers. We recommend that the Government should define the role of special advisers, and prevent a recurrence of the 1997 Order in Council giving advisers the power to instruct civil servants. We will pay particular attention to these issues when we conduct our scrutiny of the Bill.

Constitutional implications

85. This raises the question of the constitutional implications of the changing role of the Prime Minister. Sir Gus O'Donnell claimed that in 1997, "in formal terms, constitutionally nothing changed. Cabinet carried on and the Cabinet committees. What you saw ... was a change in style of the Prime Minister and a change in desire to do different things. The machinery adapted to meet the desires of that Prime Minister, as it will always do." (Q 391) The Committee has identified three relevant constitutional issues.

i) Presidentialism?

86. It is sometimes asserted that there is a growing trend towards a "presidential" style prime ministership.⁹ Lord Turnbull said that there has been a "growth in profile of the Prime Minister. I would not call it 'presidentialism'; it is a strong Prime Minister. Some of those things are inevitable ... a growing international role, a growing media role, the fact that the Prime Minister attends the G8 summit and the European Council. All those things will tend to push the profile of the Prime Minister". (Q 139)
87. Sir Robin Mountfield argued that "there is probably a secular trend towards a more dominant or presidential style. The constitutional issue is where that balance is most appropriately drawn in modern circumstances." (Q 139)
88. Prime Ministers have increasingly sought to answer questions which cut across the responsibilities of departmental ministers. Lord Armstrong told us that "whereas Mr Attlee, and ... Mr Macmillan and Mr Heath, were quite content to say, 'You must ask that question to the Foreign Secretary or the Chancellor of the Exchequer or whoever', Mrs Thatcher certainly prided herself on being able to field all the questions and know all about them. That, in a sense, has persisted." (Q 111) Lord Butler said that this development was to be welcomed since it overcame the absurdities of the old system whereby MPs tried to entice the Prime Minister into answering a question on a given subject. (Q 111) Lord Wilson argued that "it does not have to go quite as far as it sometimes does go. I think there has been a tendency sometimes, say, for the budget to include statements which could still quite reasonably be referred to a Secretary of State ... there are degrees to which it could still be clawed back, even in this age when the media expects so much." (Q 111)
89. Jonathan Hill expressed concern that "this trap that we have fallen into, where the Prime Minister *par excellence* but all ministers are supposed to be

⁹ See for instance M. Foley (2003) *The Rise of the British Presidency* (Manchester University Press); M. Foley (2000) *The British Presidency: Tony Blair and the Politics of Public Leadership* (Manchester University Press); M. Foley, 'Presidential Attribution as an Agency of Prime Ministerial Critique in a Parliamentary Democracy: The Case of Tony Blair', *The British Journal of Politics and International Relations*, Vol. 6 (3), 2004, pp. 292–311; R. Heffernan and P. Webb (2005) 'The British Prime Minister: Much More Than 'First Among Equals'', in T. Poguntke and P. Webb eds., *The Presidentialization of Politics* (Oxford University Press).

omniscient, is a huge mistake and leads to poor decision-making. I would love to hear someone say, ‘I don’t know. I’ll think about it.’” (Q 332) On the other hand, Mr Hill recognised the value of Prime Minister’s Questions (at least in its former twice-weekly format) in allowing the Prime Minister to get a sense of “what was going on in individual government departments”. (Q 308)

90. Sir Gus O’Donnell argued that “the Prime Minister remains very much that: the Prime Minister who is head of his Cabinet; an elected MP who is responsible to Parliament very directly through PMQs (Prime Minister’s Questions) and the announcement of policy through statements to Parliament. Equally we have the Head of State in Her Majesty the Queen. That said, there are global trends in this direction driven partly by world events over recent years, which have resulted in some high profile joint responses by many countries and delivered on a world stage. It would be difficult and the Government would be criticised if the UK Prime Minister were to be absent from the development and delivery of such responses.” (p 162)

ii) The system of Cabinet government and collective ministerial responsibility

91. Any “secular trend towards a more dominant or presidential style” would inevitably have implications for the traditional accountability structure of Cabinet government and collective ministerial responsibility. We address this subject in the next chapter.

iii) Accountability

92. Baroness Hogg told us that “it is Parliament that is the check and balance on the Prime Minister and ... it is on the strength of Parliament and structural improvements to increase the strength of Parliament that one should focus”. (Q 307)
93. Some witnesses expressed concern that the accountability of the centre had been undermined by the changing role of the Prime Minister. Dr Wright argued that historically “the key bit of the centre, which is Number 10, the Prime Minister, is not directly accountable to Parliament ... unlike other ministers there is no Select Committee on the Prime Minister”. He did however acknowledge that “Tony Blair finally announced that he was going to appear twice a year before the Liaison Committee and of course that has now ... become a constitutional feature and that, in its own small way, is quite a constitutional breakthrough because it will never be altered—it will only be improved upon.” (Q 17)
94. Professor Kavanagh spoke about the importance of “the question of the accountability of the informal office of the Prime Minister to the House of Commons”. (Q 35) Professor Smith asserted that “accountability is the key issue. One of the problems about accountability is that it is not clear who is making decisions in the centre and who is responsible for decisions.” (Q 35)
95. Lord Wilson told us that “if the Prime Minister were to be seen to be presidential, it is worth remembering that we have none of the limits on the power of the President which exist, say, in the United States ... If, in the end, you did really want to move to what is called colloquially a presidential system, I think you would need to give a great deal more thought to what were the constraints on the power of the Prime Minister ... I do not think

you can have a system in which the Prime Minister has absolutely no constraints and unlimited power. That is contrary to the very essence of a British constitution and our traditions.” (QQ 109, 121)

96. There has been a trend towards the Prime Minister playing a more dominant role in the UK’s political system. We believe that this trend has been brought about by a combination of external pressures and a conscious desire by Prime Ministers, both before and after 1997, to exert greater influence on the policy-making process. We also acknowledge that this has been an uneven trend, and that the role of any given Prime Minister is dependent upon his or her style, and the political circumstances of the time.
97. **We reaffirm that structures of accountability should mirror structures of power. Greater prominence in the role of the Prime Minister should be mirrored by increased transparency and more effective accountability. Whilst we welcome the biannual appearance by the Prime Minister before the House of Commons Liaison Committee, we do not believe that this goes far enough in securing the parliamentary accountability of the Prime Minister’s Office.**

A case for reforming the structure of the centre?

98. Some witnesses argued that accountability would be enhanced by reform of the structure of the Cabinet Office, either by the formation of a separate Department of the Prime Minister, or by reshaping the Cabinet Office into a new Department of the Prime Minister and Cabinet.

i) A Department of the Prime Minister

99. Dr Heffernan told us that whilst “there are lots of checks and balances upon [the Prime Minister’s power] ... the Cabinet Office does not remotely play that role; and it should play a role in supporting the Cabinet beyond the Prime Minister. At present all it tends to do is support the Prime Minister”. (Q 53) He therefore proposed that a Prime Minister’s Department should be established which was transparent and accountable to Parliament. (Q 46) He argued that such a model would regularise “what is in a sense the reality”, in particular since a Permanent Secretary, Jeremy Heywood, already exists in Number 10. (Q 35) Professor Kavanagh gave a conditional assent to this idea, also noting that it would improve the Prime Minister’s accountability to Parliament. (QQ 65, 69)
100. Lord McNally thought that “an Office of the Prime Minister with a more specific job description would be more fit for purpose than a Cabinet Office that seems to be trying to spread its talents too thinly”. (Q 106) Lord Burns expressed sympathy with the idea, but was wary of the impact that it would have on the objective of supporting the Cabinet. (Q 95)
101. David Blunkett told us that he would be in favour of the establishment of a Department of the Prime Minister were it not for the fact that “it would enhance the role of the Prime Minister in a way which would be seen as presidential”. (Q 229)
102. Baroness Hogg doubted that the solution to concerns about accountability was to set up a Prime Minister’s Department. (Q 337) Lord Donoughue, senior policy adviser to the Prime Minister in the 1974–79 Labour administration, told us that both Harold Wilson and James Callaghan had

opposed such a proposal because “they preferred not to have the formal hierarchy of a department”. (Q 101)

ii) A Department of the Prime Minister and Cabinet

103. Sir Michael Barber advocated a “department of the Prime Minister and the Cabinet” on the grounds that this would strengthen the Prime Minister, strengthen the Cabinet and enhance accountability to Parliament. (Q 208)
104. Geoff Mulgan asserted that such a model would be a “reasonable compromise” between the authority of the Prime Minister and “the need to reflect the power and interests of other Cabinet ministers”. (Q 210) He and others referred to the Australian model of such an office as an exemplar. (QQ 210, 165, pp 182–4)
105. Sir Richard Mottram concluded that a centre supporting the Prime Minister and sustaining collective government was needed, and therefore he favoured a Department for the Prime Minister and Cabinet, “with the Cabinet Secretary clearly the Prime Minister’s principal official adviser”. (p 36) He explained that such an arrangement “could enhance collective government, as well as the support the Civil Service can give to the Prime Minister in his or her leadership role”. (Q 88) He thought that this would improve parliamentary accountability and lead to more structured decision-making. (QQ 90, 95)
106. There was a difference of opinion amongst the former Cabinet Secretaries about restructuring the centre. Lord Butler told us that the proposal to make the Cabinet Office a part of the Prime Minister’s Department would blur responsibilities. He said that he and Lords Armstrong and Wilson “argue for the old system and believe it works better and my own view is that the evidence for that is that the changes have not worked particularly well over the last ten years”. (Q 121)
107. Lord Wilson argued that “if there is an alternative view that we should have an Office for the Prime Minister and that the Prime Minister’s role should be in some way presidential ... the question is whether that works well ... it is also a question of whether future Prime Ministers could actually have the political strength to do that because if they did not, then you would find that the Office was not very strong and they would be driven back to recognising the importance of collective responsibility.” (Q 121)
108. Lord Turnbull said that there was danger in the Office of the Prime Minister and the Cabinet Office being functionally distinct on the grounds that, “if you say to the Prime Minister, ‘We in the Cabinet Office basically work for the Cabinet and you, in so far as you are a part of the Cabinet’, I think that you will be inviting the Prime Minister to say, ‘I will create my own apparatus’. The big danger is that, instead of treating the Cabinet Secretary and his staff as his life support system ... he then creates an apparatus of his own of vastly inferior quality ... I think that creating a strong bond between the Cabinet Secretary and the Prime Minister is the way to ensure that the interests of the rest of Cabinet are properly looked after and defended, and a go-it-alone, poorly advised Prime Minister is the biggest danger that we face.” (Q 165)
109. Tessa Jowell thought that it was “more important to get things done rather than having dialogue about what ‘the centre’ is called. This in my view is

more important than whether we have a ‘Prime Minister’s Department’.”
(p 132)

110. **We do not support the calls for the creation of a separate Office of the Prime Minister, or an Office of the Prime Minister and the Cabinet, because we do not believe that this would significantly enhance the effective functioning or accountability of government. Instead we recommend that “Supporting the Prime Minister” should remain a core function of the Cabinet Office, so long as there is full transparency in the way in which the Cabinet Office fulfils this role, and so long as accountability mechanisms effectively reflect the importance of this function.**

CHAPTER 3: SUPPORTING THE CABINET

A classical model eclipsed?

111. The second main function of the Cabinet Office is “Supporting the Cabinet—to drive the coherence, quality and delivery of policy and operations across departments”,¹⁰ a function of the Cabinet Office dating from its formation in 1916. Professor Hennessy argued that the changes described in Chapter 2 had interfered with this function. (Q 2)
112. Other witnesses suggested that the evolving role of the centre in relation to the Prime Minister had had a negative impact on its role in relation to the Cabinet. Professor Smith said that there was a big difference between the theory, “that decisions should go through Cabinet, that they are collective decisions”, and the practice, where “the Prime Minister can ... clearly direct departments in what they do in terms of policy direction”. (Q 40) Simon Jenkins agreed. (Q 25)
113. The joint memorandum by Dr Andrew Blick, on behalf of Democratic Audit, and Professor George Jones, Emeritus Professor of Government, London School of Economics, argued that “an arrangement whereby the office of government responsible for supporting Cabinet, the Cabinet Office, is at the same time charged with assisting the Prime Minister in any role other than that of chair of the Cabinet is incompatible with the UK constitutional principle of collective government”. (p 174)
114. Rachel Lomax told us that “lying behind some of the debates about the Cabinet Office is an issue about the Prime Minister and what the role of the Prime Minister in our system is in relation to the Cabinet’s collective responsibility”. (Q 184)
115. Not all witnesses viewed such evolution in such a negative light. Dr Wright told us that he viewed this not as the corruption of a traditional model but as “a development model”. (Q 3)
116. Sir Gus O’Donnell asserted that “there is, albeit somewhat artificial, a line between our supporting the Prime Minister and the Cabinet, but we try to allocate resources appropriately and efficiently whilst maintaining a service to both that is of the highest quality. Such apportionment can, of course, be varied in response to the priorities and style of individual Prime Ministers.” (p 161)
117. Professor Kavanagh pointed out that before 1997, the Cabinet Office’s official remit was “to provide an effective, efficient and impartial service to the Cabinet committees”. After 1997, it changed to “support efficient, timely and well-informed collective determination of government policy and to drive forward the achievement of the Government’s agenda”. He saw this as a formal statement that the Cabinet Office’s role had changed from acting as “an honest broker between departments” into functioning as “an arm of the centre”. (Q 45)
118. Dr Blick and Professor Jones agreed that the Cabinet Office had been moving increasingly into the ambit of the Prime Minister for some time. They pointed out that the December 1998 Public Service Agreement (PSA)

¹⁰ http://www.cabinetoffice.gov.uk/about_the_cabinet_office.aspx

stated that an aim of the Cabinet Office was to help the Prime Minister and ministers collectively in making and implementing decisions, yet in 2000 reference to “collective decision making” was dropped from the Cabinet Office’s terms of reference as included in its PSA. Dr Blick and Professor Jones argued that “this arrangement contradicted an acknowledged constitutional principle of the UK; and it did not survive long. By 2006 ‘Supporting the Cabinet’ was once again described as a purpose of the Cabinet Office; and ‘Supporting the Prime Minister’ was listed without the words ‘in leading the government’ afterwards.” (p 175)

119. Lord Lipsey observed that in the 1970s the Cabinet Office was torn between whether its role was supporting the Prime Minister or supporting the Cabinet. (Q 105) Lord Butler did “not think 1997 was a complete watershed. I saw through my career a steady diminution in collective Cabinet responsibility ... maybe there was a step change in 1997 but I would not put it beyond that.” (Q 114)
120. Several witnesses compared Tony Blair’s management of Cabinet with that of his predecessors. (QQ 18, 100, 110, 299) Lord Burns observed that the Government in 1997 “was continuing to behave ... in the way that it did in opposition. So less business went through the traditional channels with the minuting of meetings, more was done in *ad hoc* groups. There was less sharing of the results of those meetings with officials, and more issues were handled through special adviser channels rather than through the Civil Service.” (Q 80)
121. Sir Richard Mottram also told us that after 1997 “there was a shift in the power of the Prime Minister relative to departmental secretaries of state ... in the power of the Prime Minister relative to the Cabinet, and ... in the Prime Minister’s interest in the mechanisms of collective government and all the machinery and paraphernalia that went with that. I do not think Mr Blair was very interested in that.” (Q 78)

The death of Cabinet government?

122. Witnesses commented on the importance of Cabinet government. Baroness Hogg told us that the extent to which Cabinet government can be a check and balance within our system of government was a key constitutional issue. (Q 292) Professor Hennessy told us that “if a good Cabinet government goes, you only know when it has gone, and you regret it ... if Cabinet government is not working ... everything begins to suffer.” (Q 16)
123. A number of witnesses said that they thought that the Cabinet had become less important in recent years. (QQ 97, 118) Lord McNally mentioned the danger of seeing “the past being peopled by giants and the contemporary by pygmies”, but thought that the better elements of traditional Cabinet government should be rescued and reinstated. (QQ 100–1)
124. Sir Michael Barber was “not worried that Cabinet government has been eroded, it is all a question of whether the Cabinet chooses to exercise that power and the particular ebb and flow of prime ministerial power at a given moment”. (Q 220)
125. Lord Lipsey, using Bagehot’s phrase, observed that “the Cabinet has come perilously close to moving from an efficient part of the constitution to a dignified part of the constitution. Indeed, you only ... have to look at the size of the damn thing to see it cannot possibly be an efficient body”. (Q 97) Sir

Richard Mottram was doubtful that the Cabinet could function as an effective decision-making machine but thought that collective Cabinet government was nonetheless better than non-collective government. (Q 92)

126. Jonathan Powell asserted that “the Cabinet is not the right body in which to attempt to make difficult decisions. It has too many members for a proper debate. Many of those who are there will not necessarily be well-briefed on the subjects under discussion unless they come directly within the remit of their departments. And many individuals whose input is necessary for well informed decisions, e.g. the military chiefs of staff, are not present. It is for that reason that since at least the late 1970s the Cabinet has been used to ratify decisions rather than take them.” (p 180)
127. Lord Wilson and Sir Gus O’Donnell told us that the complexity of government today and the size of Cabinet meant that not all major issues could be debated in Cabinet itself. (QQ 118, 380–1, 411)
128. **We reaffirm our belief in the importance of Cabinet government, which plays an essential role in upholding the principle of collective ministerial responsibility.**

The role of Cabinet committees

129. The present Cabinet committee system evolved out of the 1916 Lloyd George reforms¹¹ and initially operated only on a small scale. Two permanent committees existed between 1918 and 1945, the Committee of Imperial Defence and a committee on future legislation together with certain *ad hoc* committees.
130. The increase in the volume of government work after 1945, reflected in the increased number and size of Whitehall departments, led to a change in the function of both Cabinet government and Cabinet committees. The Cabinet committee system grew as a mechanism for coping with this increased volume and in order to relieve the pressure on Cabinet.
131. In July 2009, eleven permanent ministerial committees and six *ad hoc* committees were active, together with their associated sub-committees.¹²
132. The two formally stated purposes of the current Cabinet committee system are: i) “to relieve the burden on the Cabinet by dealing with business that does not need to be discussed at full Cabinet. Appeals to the Cabinet should be infrequent, and Ministers chairing Cabinet Committees should exercise discretion in advising the Prime Minister whether to allow them”; and ii) “to support the principle of collective responsibility by ensuring that, even though a question may never reach the Cabinet itself, it will be fully considered. In this way, the final judgement is sufficiently authoritative that Government as a whole can be expected to accept responsibility for it. In this sense, Cabinet Committee decisions have the same authority as Cabinet decisions.”¹³

¹¹ See Appendix 3.

¹² <http://www.cabinetoffice.gov.uk/secretariats/committees.aspx>. The present smaller number of committees contrasts with, for example, the 313 committees there were in 1951 or the 160 that operated during the Callaghan Government (see S.James (1999) *British Cabinet Government* London: Routledge).

¹³ Cabinet Office (2009) *Cabinet Secretariat Homepage* http://www.cabinetoffice.gov.uk/secretariats/cabinet_committee_business/general_guide/cabinet_committees.aspx

133. Several witnesses emphasised the importance of the Cabinet committee system. Baroness Hogg asserted that “if one could do one thing to give Cabinet government a better chance, my one choice would be to ... highlight ... Cabinet committees and give them in some way a greater status ... in the machinery as perceived by the outside world”. (Q 314) The Better Government Initiative also recognised the importance of Cabinet committees. (p 173) Lord Butler pointed out that Cabinet committees could resolve difficult issues without needing to refer them to Cabinet. (Q 119)
134. Lord Wilson and Sir Gus O’Donnell indicated that Cabinet committees had largely replaced the Cabinet as the place where formal deliberation of cross-cutting or potentially conflicting inter-departmental issues are debated and resolved. (QQ 118, 380–1) Jonathan Powell argued that Cabinet committees “are an essential instrument of government decision making: all the relevant people can be there (and not the irrelevant), they are focussed on particular decisions, properly prepared and they have as much time as they need to reach a decision. In my view therefore rather than arguing about the death of Cabinet government, when it in fact died a long time ago, we should spend more effort reinforcing the Cabinet committees and their supporting infrastructure as a key part of government decision making.” (p 180) Tessa Jowell argued that Cabinet committees “are very much the engine of so much government policy development and policy recommendation, which is then taken to Cabinet”. (Q 260)
135. When comparing his experience as a special adviser in the 1970s with that as a junior minister after 1997, Lord Donoughue observed that Cabinet committees “had definitely been degraded ... when they were a very important and efficient agency feeding policy decisions into government”. He added that he thought that Cabinet committees were once more growing in importance. (Q 100) David Blunkett thought that Cabinet committees were “dysfunctional”, either because decisions have already been made, or because, where there is genuine disagreement, the matter has to be settled outside the committee. (Q 229)
136. Geoff Mulgan observed that he had seen many meetings of Cabinet committees at which the members did not have the necessary in-depth knowledge of the issues. (Q 220) David Blunkett was surprised to find when he entered Government that Cabinet committees did not report to Cabinet. (Q 228)
137. **We believe that the Cabinet committee system remains an essential part of the UK’s government structure, as part of the system of collective ministerial responsibility. In order for Cabinet committees to function effectively, we believe that they should be mirrored by committees of officials. We ask the Government to clarify the extent to which Cabinet committees continue to be supported in this way.**

Collective ministerial responsibility and the model of departmental policy delivery

138. In spite of the concerns of some witnesses that Cabinet could no longer function as an effective decision-making forum, there was widespread affirmation of the principle of collective ministerial responsibility, and recognition of the important role that government departments have to play.

139. Sir Gus O'Donnell told us that the centre had various roles, including acting as “a critical friend to provide a challenge to departments ... undertaking a policing role to ensure appropriate and necessary actions are taken consistently across departments; monitoring and gathering information and data on performance and delivery; and, co-ordinating and being an honest broker across government to maximise delivery of priorities. The centre and departments need to maintain a balance of influence and power that supports delivery without constraining departments from being innovative or leaders in their field.” He also argued that the development of the Delivery Unit¹⁴ and Capability Reviews¹⁵ had “had a positive impact on relationships” and had “led to a much stronger feeling of shared purpose and successful delivery”. (p 162) Jeremy Heywood told us that “[we] strive at every stage when there is any significant policy to make sure that all the Cabinet departments and Cabinet ministers with a responsibility have every opportunity to debate, discuss, disagree, agree and we do not announce a policy unless everyone with an interest has signed it off and everybody is then bound by the principle of collective responsibility”. (Q 412)
140. Lords Armstrong, Butler and Wilson saw collective responsibility as a fundamental constitutional principle. Without it, they warned, “a government very quickly falls apart”. (QQ 108, 109, 115)
141. Sir Robin Mountfield observed that there was now “less collegiality” and that there had been “a strengthening of central direction, with a diminution in the constitutional sovereignty of Departments and of their Ministers. The apparent weakening of the Cabinet itself is perhaps a reflection of the same trend ... I suspect this trend is inevitable.” (p 70) Dr Blick and Professor Jones observed that the centre’s increased involvement in policy-making undermined the constitutional principle of collective government and constituted a challenge to another fundamental tenet of UK government—individual ministerial responsibility to Parliament. (p 177)
142. Rachel Lomax told us that “there have been big constitutional problems ... when permanent secretaries have found themselves under pressure from the centre ... to be publicly accountable for policies ... and the people who were really pushing for the policies were not there alongside them” when it came to appearing before parliamentary committees. (Q 202) On the other hand, Sir Michael Bichard told us that “I never felt as a Permanent Secretary that the department did not have power ... I do not think it is unreasonable in our democracy to expect that departments will have regard to what the Prime Minister and the Cabinet want.” (Q 202)
143. The Better Government Initiative called for a “clear attribution of responsibilities to departmental ministers ... Secretaries of State and their Departments should normally have primary responsibility for initiating, and always for developing policies and legislation in their policy areas.” (p 171) They also advocated “a written framework for the conduct of Cabinet business that unequivocally states the personal responsibility of all Ministers, not excepting the Prime Minister, to submit important decisions for collective consideration by Cabinet or Cabinet Committees”. (p 173)

¹⁴ See paragraphs 44–52 above.

¹⁵ See paragraphs 243–249 below.

144. Yet there was also recognition that the traditional departmental delivery model had its limitations. Sir Robin Mountfield told us that “there is a growing need for something a little bit more than dispute resolution: a pulling-together of the interests and the agendas, if you like, of different departments across the great issues ... I coined the phrase ‘joined-up government’ ten years ago, which has been much abused since, but that is what I am talking about.” (Q 140) Sir Richard Mottram told us that “what might be termed the traditional form of co-ordination through interdepartmental machinery led and supported by Cabinet Office staff has increasingly been called into question as lacking sufficient drive and capacity to deliver”. (p 34)
145. Professor Kavanagh argued that “the problems of co-ordination, of joining up departments with very long histories and long-established pools of wisdom ... are ever-present and they are probably getting more intense as government is moving out into new fields ... if you were starting from now, you probably would start off with ... short-term departments, set up to deal with particular problems”. (Q 63) He also said that whereas “joined-up government” had once been the buzzword in Whitehall, there is now “a kind of weary resignation that it is so much more difficult actually to achieve than the original high hopes vested in it”. (Q 57)
146. Sir Michael Bichard told us that one of the central roles of the Cabinet Office should be to ensure co-ordination between departments, because “we still have a very silo-based governmental system”, although “in other areas it should not interfere; it should not intervene; it should stand back and have a light touch monitoring of what is going on in departments”. (QQ 190, 203) Professor Smith told us that “at policy level” the Cabinet Office “failed in the co-ordination function”. (Q 49) Rachel Lomax thought that there were “big areas where departments could have worked together better without involving the Cabinet Office at all”. (Q 190)
147. Lord Burns said that the search for joined-up government had “tended to push power towards the centre”, and had led to the tendency “to set up units within the Cabinet Office to deal with some of these things which have then become permanent units and which have taken on a certain amount of executive responsibility of their own”. (Q 82) Professor Hennessy thought that departments were “thinly used” in comparison with the past. (Q 11) Professor Kavanagh’s recommendation was to “‘trust the departments’, because they are the repository of experience, of staff, of knowledge, with people on the frontline, knowledge of the pressure groups, et cetera”. (Q 69)
148. David Blunkett told us that he “saw the tendency of both the Prime Minister’s Office and the Treasury to interfere in and to want to own the major decisions for all departments”. (Q 240) Lord Heseltine mentioned efforts by the centre to interfere during his own time as a minister. (Q 242)
149. Lord Turnbull argued that “too often we have seen announcements coming, either from the Prime Minister prompted by the Strategy or the Policy Unit, or from the Treasury, saying, ‘I have appointed Mr X to review such-and-such’ ... I think that this is very belittling. I do not think that departments will get good at doing policy if they do not get the chance to practise it.” (Q 179)
150. Sir Richard Mottram recognised the need to defend the role of government departments. (QQ 82, 86) He acknowledged that “there are serious issues

which must be addressed by government and which cut across ... the interests of departments ... [and] can only be determined through a process which engages the centre, the Prime Minister and the Chancellor of the Exchequer". (Q 82)

151. Sir Robin Mountfield thought a solution was "for the Cabinet Office to establish a structure, whether it is the Strategy Unit or the Social Exclusion Unit or whatever, that is owned jointly by all the departments concerned and they are represented on it. They share in the development of the policy; they contribute to it." (Q 179)
152. Sir Gus O'Donnell affirmed that governments of all kinds have found those areas which cross departmental boundaries difficult, and that is "where you need a stronger central machine". (Q 350) Tessa Jowell told us that "one of the changes that has been achieved over the last 12 years is much more inter-departmental working, so whereas back in 1997 essentially the way in which thematic policy was implemented was driven on the initiative of Number 10 or the Cabinet Office, departments now are much more used to working bilaterally in order to achieve policy objectives". (Q 273)
153. **We reaffirm the constitutional importance of the principle of collective ministerial responsibility. Executive responsibility should not lie solely with the Prime Minister, not least because accountability mechanisms are not designed to reflect such responsibility. In the light of the trends and changes described above, it is important that the principle of collective responsibility is maintained.**
154. **The increasing recognition of issues involving more than one department has placed pressure on the traditional departmental delivery model. In order to ensure that structures of accountability mirror structures of power, Parliament should ensure that its accountability mechanisms adapt to the changing nature of policy formation and delivery. Government should ensure that the mechanism of the policy formation and delivery process remains transparent.**

The role of the Minister for the Cabinet Office

155. The Committee asked witnesses what role the Minister for the Cabinet Office plays in the co-ordinating activities of the Cabinet Office. Tessa Jowell explained that her role was distinct from "the overall co-ordination function, development of the Civil Service in an organisational way, that the Cabinet Secretary himself is responsible for". She did not perceive her role as a supervisory one but rather as "to some degree a co-ordination role, ensuring that where you have policies that rely on multilateral relationships between departments for their delivery, that those policies are given the necessary support and brokerage where necessary in order that they be delivered". (QQ 261, 266) She added that "I certainly do not review the top line issues for every department every week. I am a senior member of the Cabinet and I know what is going on as a member of the Cabinet." (Q 282)
156. She added that she attended a large number of, but not all, Cabinet committees and that the secretariat for all Cabinet committees was provided by the Cabinet Office and so she would "certainly expect to be alerted were

an issue to arise in a Cabinet committee that I was not a member of or I had not attended for some reason that I ought to attend to". (Q 289)

157. Tessa Jowell subsequently told us that "the role of the Minister for the Cabinet Office evolves in a similar way to the role of the 'centre'". (p 131) She outlined how she saw the changes in the centre in recent years but did not describe her role in relation to these changes, instead referring the Committee to the current *List of Ministerial Responsibilities*, which states that she leads on the Olympics, Civil Service issues, humanitarian assistance, civil contingencies and the Cabinet Office Briefing Room (COBR), and London.¹⁶ (pp 131–2) Sir Gus O'Donnell made a similar statement about the evolution of the role, but did not explain in any detail how the role had changed. He said that "the relationship between the Cabinet Office Minister and myself, in my role as Permanent Head of Cabinet Office, is no different to that of my Permanent Secretary colleagues and their respective departmental Ministers". (pp 163, 170)
158. Some witnesses expressed scepticism about the effectiveness of the post of Minister for the Cabinet Office. Sir Robin Mountfield told us that the Minister's role was not often given much attention, and that it is "an inherently uneasy position, without the independent command that a senior Minister would normally expect over his or her Department, and in particular with an indistinct boundary with the Cabinet Secretary and Head of the Civil Service". (p 71)
159. Peter Riddell argued that the complexity of roles that the Cabinet Office fulfils has resulted in "a terribly confusing position for ministers who are nominally of the Cabinet Office". (Q 20)
160. Dr Heffernan sought to describe the history of the post of Minister for the Cabinet Office: "It is seen as the most junior position of the Cabinet. It is not a Secretary of State. There is an argument that, to reform the centre, you would create a much more powerful position for a ministerial head of a reformed Cabinet Office ... it is a place where ... those on the way down go, Hilary Armstrong and Jack Cunningham ... or those on the way up, John Hutton, Ed Miliband and Liam Byrne most recently. But I cannot imagine that you would be able to get as the ... Minister for the Cabinet Office, any ability to work out how the Cabinet Office itself works, let alone co-ordinate or help co-ordinate government when having a post for less than a year ... The turnover of Cabinet Office Ministers ... is not really helpful for the work of the Cabinet Office". (Q 68)
161. Lord Heseltine told us that "I do not think that being a Minister in the Cabinet Office was ever seen as a seriously important Cabinet job". (Q 248) David Blunkett said that "it evoked sometimes the desire to give people an additional role. I remember Jack Cunningham being described as the enforcer, but without the power of enforcement nobody can enforce anything." (Q 248)
162. Tessa Jowell's biography on the Cabinet Office website explains her responsibilities in relation to the Olympics and humanitarian assistance, but makes no reference to her broader Cabinet Office responsibilities. Furthermore, although the page heading states that she is Minister for the

¹⁶ <http://www.cabinetoffice.gov.uk/media/301888/lmr-oct09.pdf>

Cabinet Office, the text states only that she was “appointed as Minister for the Olympics and Paymaster General in June 2007”.¹⁷

163. **We believe that the post of Minister for the Cabinet Office should be maintained in order to ensure that the work of the Cabinet Office is transparent, and to ensure that Parliament is able to hold the Department to account in an effective way, but are concerned that the responsibilities of the Minister in relation to the Cabinet Office are at present ill-defined. We recommend that the Government reassess the current function of the Minister for the Cabinet Office to ensure that the postholder’s responsibilities accurately reflect and account for the strategic role that the Cabinet Office plays.**

The Cabinet Office and the Treasury

164. A key element of the centre’s relationship with departments is the role of the Treasury. Lord Turnbull described the relationship between the Treasury and Number 10 as “the San Andreas Fault of government. If governments collapse, that is where it happens.” (Q 176) Sir Robin Mountfield told us that “the relationship with the Treasury is hugely important and you really need to look at... [all the elements of the centre] together to get a sense of how the thing is working ... there remains necessarily a certain amount of creative tension between the Treasury and the Cabinet Office”. (Q 164, p 70)
165. Baroness Hogg asserted that “the relationship between the Chancellor and the Prime Minister ... is probably the most subject to personality and relationship.” (Q 323)
166. Peter Riddell told us that the argument for placing many of the functions outlined above in the Cabinet Office was to make it “a counterpoint to the Treasury”. (Q 25) Professor Smith argued that the Treasury filled the co-ordination “vacuum” that the Cabinet Office was unable to fulfil, “because, whereas the Cabinet Office has very few levers over the departments, the Treasury has very strong levers over departments. You can see Chancellors of the Exchequer, going back quite a long time, using public expenditure as a way of trying to create some co-ordination of government policy.” (Q 56)
167. Tessa Jowell told us that “the relationship again changes over time ... you can see all these interconnecting relationships which are important in making sure that the boundary between the Treasury and Number 10, the Treasury and the Cabinet Office, has a high level of osmosis going on all the time.” (QQ 287–8) She asserted that “the Cabinet Office is working in ever closer collaboration with the Treasury, for example to share and come to a single assessment of delivery against government-wide objectives”. (p 133)
168. Sir Gus O’Donnell agreed that “it has always been an absolutely crucial relationship ... These things evolve but it is hugely important that the two operate very effectively together ... It is also quite helpful for the Cabinet Secretary to have had some experience of the Treasury ... it is really important that we are as joined up as we can be”. (Q 421)

¹⁷ http://www.cabinetoffice.gov.uk/about_the_cabinet_office/tessa_jowell.aspx

169. Baroness Hogg warned that “once the Treasury starts trying to do the job of individual departments, you get a huge malfunction in the system which you need to address”. (Q 323)
170. Witnesses reflected on the way in which the role of the Treasury shifted, in particular after 1997. Peter Riddell told us that “one of the problems ... is that the Treasury has now become a major spending department, mainly via tax credits ... there is resentment now at the Treasury for being a spending department not just the old watchdog.” (Q 30)
171. Rachel Lomax said that after 1997 the Treasury took a “much more forceful lead”, became “a more energetic force”, and “involved itself in the development of policy in different parts of Whitehall to an extraordinary extent ... I certainly felt when I was in DSS [the Department for Social Security] and DWP [the Department for Work and Pensions], that the Treasury were the people we had to reckon with actually, not the Cabinet Office at all.” (QQ 197, 201) Dr Heffernan said that, under the then Chancellor, Gordon Brown, “accounting meetings ... for Public Service Agreements ... strengthened the role of the Treasury in terms of following the money”. (Q 59)
172. Sir Richard Mottram told us that “the other striking thing about the Government post-1997 was the power of the Chancellor of the Exchequer relative to departments ... In order to move issues forward you had to make sure ... there was alignment between the Prime Minister, the Chancellor of the Exchequer and your Secretary of State ... Now that Gordon Brown is the Prime Minister I think the power of Number 10 relative to the Chancellor of the Exchequer has probably shifted back a little bit more to what we might regard as a more normal balance.” (QQ 78, 80)
173. Sir Michael Bichard recalled frustration at “the confusion which existed between Number 11 and Number 10 and between the Cabinet Office and the Treasury. In pure management terms, you had a set of targets which you were agreeing with the Cabinet Office and with Number 10 and then suddenly you have Public Service Agreements, which you might have seen as the Treasury’s way of responding to the target regime, which had their own targets attached to them.” (Q 201)
174. Lord Turnbull, who was Permanent Secretary to the Treasury prior to becoming Cabinet Secretary, stated that “the relationship between the Treasury and the Cabinet Office at official level was trying to correct the problems of relationships happening elsewhere ... It is well documented that there were difficulties in the relationship between the Prime Minister and the Chancellor, but with all the people I dealt with ... we were trying to maintain a good, co-operative relationship”. (Q 176)
175. Geoff Mulgan said that the Treasury became “much more powerful after 1997, both in terms of its political power but also its capacities ... When Gordon Brown arrived in the Treasury ... [he] had a fairly expansive programme around social policy and other functions ... he wanted a much more activist Treasury, a Treasury which initiated policy, which sometimes directly delivered things itself as well as having an engagement in the policy of many departments ... I take the slightly heretical view that the tension between the Treasury and Number 10 and departments was as often a creative tension, a mutual challenge, as being a disruptive tension”. (QQ 224–5)

176. The Treasury has long had a central place in government machinery. The nature of its relationship with the Cabinet Office is therefore an important dimension of the workings of the centre. The role and influence of the Treasury is dependent upon economic circumstances, the nature of the political relationship between the Chancellor of the Exchequer and the Prime Minister and personalities.

Machinery of government changes

177. The Committee considered how the Cabinet Office fulfilled a co-ordination function in relation to machinery of government changes.

178. One of the prerogative powers of the Prime Minister, exercised on behalf of the Crown, is the responsibility for deciding on the structure of the machinery of government, acting as arbiter over decisions for example about whether departments should be merged, split or abolished. Prior to the Ministers of the Crown (Transfer of Functions) Act 1946, “the transfer of powers between departments could only be carried out by primary legislation”.¹⁸ The Act led to such powers being placed on a non-statutory footing covered by an Order in Council.

179. Sir Gus O’Donnell asserted that “the ability of the Prime Minister of the day to restructure his Cabinet—and therefore to make changes to the machinery of government—is fundamental to the way in which our democracy operates. Inevitably, it will often be the case that consideration of such decisions will need to take place in relatively short timeframes and without widespread discussion. It is important that, within these constraints, the Prime Minister receives the best possible advice, all the more so when the proposed changes will have wider constitutional implications.” (p 85)

180. Sir Robin Mountfield observed that there is too much “institutional tinkering”, and that many changes “take place not for the best organizational reasons, but to accommodate the ephemeral requirements of personalities involved in Cabinet-building”. He argued that when changes do need to be made, they should be “deeply considered and properly planned and timed, and not introduced at five minutes’ notice to meet the temporary convenience or enthusiasm of Prime Ministers”. (p 71) Peter Riddell cited the rushed process by which the Department for Innovation, Universities and Skills (DIUS) and the Department of Energy and Climate Change (DECC) have been set up in recent years. (Q 32)

181. Lord Wilson told us that “whenever you have a major upheaval, everyone spends a year or two adjusting to the upheaval and they stop doing their jobs; they take their eye off the ball”, but asserted that machinery of government changes, when done well, could be effective. (QQ 122, 124)

182. Dr Heffernan argued that “this *ad hoc* approach ... is terribly bad practice”, and that “a Cabinet Office that dealt with the machinery of government would be much more effective.” Whilst he acknowledged that flexibility was a strength of the system, he nonetheless thought that “Parliament could insist upon some process by which the machinery of government is altered”. (QQ 45, 59–60)

183. Lord Butler argued that “there should be some sort of parliamentary process, that Prime Ministers should not be able to do it at the stroke of a pen ... I

¹⁸ J.M.Lee (1977) *Reviewing the Machinery of Government 1942–1952* London: privately printed.

have thought of this ... as a parliamentary constraint, namely having to do it by a statutory instrument for which you have to get the approval of Parliament ... the Prime Minister at the moment can simply do it through a Transfer of Functions Order and there is no parliamentary procedure or other constraint on it at all.” (QQ 123-4)

184. The Better Government Initiative recommended that “major changes in the machinery of government should be accompanied by a written explanation and a business case from Ministers on which there should be a debate and a vote”. (p 173)
185. Sir Robin Mountfield observed that “the Cabinet Office used to maintain a Machinery of Government Division, charged with serious analysis of Departmental boundaries and similar issues, and the Cabinet Secretary expected to give careful advice on such matters before decisions were taken”. (p 71) Yet when we asked Tessa Jowell about the Department’s role in machinery of government changes, she told us that “I do not think that that is the responsibility of the Cabinet Office ... One has to have realistic expectations of what the Cabinet Office can achieve by way of a timely intervention to prevent mistakes happening. It certainly does happen and the occasions where it works successfully are largely undocumented because the problem was averted.” (QQ 275-6)
186. Sir Gus O’Donnell told us that “the Cabinet Office has continued to ensure that the Prime Minister is given the best advice possible” (p 86):
- “The Prime Minister receives advice on the structure of the Government from the Cabinet Secretary who is advised by officials in the Cabinet Office. Cabinet Office officials will if necessary also consult their legal advisors in the Treasury Solicitor’s Department and the Parliamentary Counsel Office. Where possible the Cabinet Secretary or other officials will consult with senior officials in other departments but due to the sensitivity of some proposed changes this will not always be possible until a late stage. To do otherwise could be destabilising for the ongoing business of government and undermine the Prime Minister’s ability to appoint his Cabinet ... Where possible the Cabinet Office will work with departmental officials who will be aware of the views of key stakeholders and ensure that this is part of the consideration of the merits of any change.” (pp 85-6)
187. He further told us that “the shape of Whitehall changes as a result of machinery of government changes, which in themselves are brought about to support the priorities of the government of the day. The Cabinet Office role in machinery of government changes is part of our ‘business as usual’ and hence is one of support, advice and co-ordination, including identifying potential risks. Support for machinery of government changes is provided in most part by the Domestic Policy Group.” (p 162)

The proposal to abolish the Office of Lord Chancellor¹⁹

188. The Government announced in 2003 the intention to abolish the Office of Lord Chancellor, establish a Supreme Court and make other constitutional reforms. Amidst much confusion, it became clear that the Office of Lord Chancellor could not be abolished without an Act of Parliament.

¹⁹ Lord Irvine of Lairg was appointed to the Constitution Committee during the course of this inquiry. He decided to exclude himself from the Committee’s consideration of the draft report and played no part in its deliberations. Nor did he receive any confidential Committee papers relating to the inquiry.

189. Peter Riddell observed that “the problem was more a political one and it all had to be done under subterfuge because of getting rid of Lord Irvine. I think it was as much to do with that as the crass insensitivity of failing to consult. But I think a lot of preparatory work had been done on that and in general I think that the machinery of government stuff had been done.” (Q 32)
190. David Blunkett conceded that “it was deeply unfortunate in the way that this was handled”, and that it “reflected a real problem which was that the individual was known to be extremely powerful and any change in the role and the future perspective of that role would have been deeply resisted—understandably—by the individual, and therefore to bring about change required what in retrospect was brutal and in my view unseemly action.” (QQ 235, 237)
191. Tessa Jowell observed that “the particular issue ... was one where the policy was right and the outcome was right but everybody recognises that there were some mistakes made in the process of implementation”. (Q 274) Although Sir Gus O’Donnell conceded that “the way that was prepared was by no means perfect ... [and] I would hope that we have learnt our lessons from these periods and would try to do things better next time”, he argued that “these were important constitutional changes. I hope we will think about outcomes ... the ultimate outcome of this work was positive: an elected speaker of the House of Lords; an independent judicial appointments commission; a new Supreme Court ... perfect processes do not guarantee good outcomes. They are necessary but not sufficient.” (QQ 400–1, 404, p 86)
192. Lord Armstrong told us that “if it had occurred when I was the Cabinet Secretary, if the then Prime Minister had wanted to proceed in that way, she would almost certainly have called me in and said, ‘Robert, I am thinking of doing this. Let me have a note about what it involves and what are the pros and cons’. With the help of my colleague in the Cabinet Office most closely concerned, I would have produced within a very short time a note which would have set the scene for the Prime Minister and warned her—advised her I should say rather than warned—of what would be involved in doing that. I have not the faintest idea whether that happened in the case of when the Office of the Lord Chancellor was changed, and I cannot comment on it, but I think that would have been a sensible way to proceed because if it had been done, some of the consequences of doing it would have been able to be taken into account before rather than after the decision was announced.” (Q 124)
193. The Committee asked the Cabinet Secretary at the time, Lord Turnbull, for his recollection of the sequence of events. He admitted that “on the day, it was a complete mess-up. There are various reasons for this. First, it was very difficult to produce the change when the incumbent Lord Chancellor was strongly against what was being done; so you got no co-operation from him ... The Lord Chancellor was consulted. The problem was that he disagreed with it ... we were doing this in conjunction with the senior officials of the Lord Chancellor’s Department; but they were constrained, since their boss was seen as obstructing the change ... We consulted the officials in the Lord Chancellor’s Department. Maybe we did not get the right advice ... It would have been much easier if, say, we had been able to go what is called ‘the conventional route’ of the relevant Cabinet minister—in this case the Lord Chancellor—producing a Green Paper; it is discussed and he is prepared to

act as the advocate of change. This was not possible and I think that is where the problems stemmed from. The Prime Minister nevertheless wanted to proceed.” (QQ 142–3, 148–9, 158) When asked why it did not happen in this way, Lord Turnbull replied: “Because the then Lord Chancellor disagreed with the proposal ... [he] was not prepared to lead it. That is where the problem originated.” (QQ 159–60)

194. The Committee also asked Lord Turnbull whether any consideration had been given to appointing a new Lord Chancellor sympathetic to the proposed policy and to then carry out consultation. He replied:

It was an option and, in retrospect, it might have been a better option. Who was the ideal person to do it? I suppose he was succeeded by Lord Falconer, who probably would have been happy to take it on. This reflects the then Prime Minister’s view that you get on with things, and we have seen the results—for both good and ill.” (Q 172)

195. Subsequently, we received written evidence from the then Lord Chancellor, Lord Irvine of Lairg about the events of June 2003.

196. He explained that “in early June 2003 there were press rumours that the office of Lord Chancellor was to be abolished. I had had no intimation of this”. He told us that he had a meeting with the Prime Minister on 5 June and “asked him directly if there was any truth in the press rumours ... He hesitated and then said it was being considered, but nothing had as yet been decided. I asked him how a decision of this magnitude could be made without prior consultation with me, with ... my Permanent Secretary, Sir Hayden Phillips ... within government, with the judiciary, with the authorities of the House of Lords which would lose its Speaker and with the Palace. The Prime Minister appeared mystified and said that these machinery of government changes always had to be carried into effect in a way that precluded such discussion because of the risk of leaks.” (p 82)

197. Lord Irvine told us that when they next met on 9 June, “it then strongly bore in on me that the Prime Minister had not received ... any proper advice and was completely unaware that complex primary legislation was required ... He told me that the plan was to transfer the responsibilities of the Lord Chancellor’s Department immediately to a Secretary of State in the Commons, Peter Hain, and then abolish the office of Lord Chancellor with the least delay. I explained that the office of Lord Chancellor is statutory and could only be removed by statute and until that happened there were functions that could only be carried out by a Lord Chancellor. He replied that in that case there would have to be some interim arrangements in the shape of a transitional or residual Lord Chancellor whom he envisaged would be a junior minister.” (p 82)

198. Lord Irvine told us that when they next met the following day, he handed over two typewritten pages (sections of which are reproduced in Lord Irvine’s written evidence), which, amongst other things, pointed out that “There are about 5,000 statutory references to the Lord Chancellor in primary and secondary legislation requiring a huge transfer of functions order before the new Secretary of State could exercise the Lord Chancellor’s functions ... In the immediate term administrative chaos is unavoidable”. (p 83)

199. Lord Irvine told us that the next day, 11 June, he submitted to the Prime Minister a formal note outlining what he understood to be the necessary

steps to implement “proposals which would enable the transition to a new department to be managed while I remained nominally Lord Chancellor”. He concluded that “this approach would hold the Government up to ridicule, and make my continuing in office as Lord Chancellor a transparent sham. I could not myself play any part in implementing such a proposal.” He outlined an alternative proposal to the Prime Minister but, “this ‘alternative proposition’ was I understand rejected after Cabinet on [12 June] ... That afternoon I returned the Great Seal to Her Majesty and ceased to be a member of the Government.” (pp 83–4)

200. We invited Lord Turnbull, and the former Prime Minister, Rt Hon Tony Blair, to seek to clarify the situation. Lord Turnbull wrote that he did “not think there is any purpose in engaging in an exercise of rebuttal and riposte. My only observation is that it is very evident that Lord Irvine had no enthusiasm for the central proposition in the reform proposals, i.e. that one person should not be a Cabinet Minister and the senior member of the Judiciary at the same time.” (p 85)
201. Tony Blair defended the reforms, stating that they were “an obvious modernisation ... that no political party now seeks to change”. He did however concede that “the process by which it was done was undoubtedly extremely bumpy and I understand entirely the criticisms made. By the way, these should be criticisms of me and not of Lord Turnbull or any other of the civil servants who gave excellent and sensible advice throughout. In today’s world, with a constant churn of 24/7 speculation about re-shuffles, it is very hard to conduct any type of consultation confidentially. I had, at my first meeting with Lord Irvine, only just begun widening the net of discussion and even then the possibility of change had got out. And at that time, it was perfectly possible I could have, on reflection, decided not to do it.” (p 86–7)
202. He also wrote that he was “by no means oblivious of the fact that this was a major constitutional change and the consequences would have to be carefully deliberated. But it was always my intention to signal first the basic principles of the change and then, in time, put through the implications in an orderly way. Once I decided on the change, we then set about the complex business of working out the consequential changes, but this necessarily happened at the last minute and it was very difficult to involve the Lord Chancellor’s Department until we were sure we were going to do it. But none of the consequential issues were insuperable. So in the end, we decided we had to keep the Lord Chancellor position initially in the Lords, I changed my mind as to who it should be and all of this had to follow the basic re-shuffle and not precede it. So the process was indeed messy. But the outcome was right.” (p 87)
203. He also added that “Lord Irvine, had I tasked him with doing it, would have carried out my wishes as Prime Minister. And, for the record, I wish to state he was an outstanding Lord Chancellor ... However, I felt, as his memorandum implies, he was unsympathetic to my desire to change the Lord Chancellor position. So I thought it right to make a change of person as well as a change to the office. It is correct that I could have retained him in Government to see through the change and then leave; but I thought it better to have the process of change led by someone who was then going to be a part of it. None of that diminished my enormous respect for, and debt to him.” (p 87)

204. The Committee invited Sir Gus O'Donnell to provide any documentation held by the Cabinet Office on this issue. He replied that he would "certainly go away and investigate precisely what we can release with a view to being able to help the Committee as much as possible." (Q 399)
205. In his subsequent written response, Sir Gus O'Donnell told us that "in line with established practice in machinery of government changes, the advice given to the Prime Minister in 2003 was confidential. I am however able to say that the Cabinet Office studied the issues carefully in the months preceding the announcement of June 2003 and my predecessor gave the then Prime Minister comprehensive advice and responded to points he raised in considering it. The Prime Minister evidently gave the options for reform careful consideration. In particular the analysis and advice covered:
- (a) the Lord Chancellor's role as a minister in charge of a department;
 - (b) his role as Speaker of the Lords, and the arrangements in place for his deputy to take the chair in case of need;
 - (c) his role as head of the judiciary;
 - (d) that he was holder of the Queen's Great Seal;
 - (e) his position in the order of precedence;
 - (f) independence of the judiciary, including judicial appointments;
 - (g) whether the Lord Chancellor need be a lawyer; and
 - (h) the complexity of the legislation that would be required, given for example that 300 pieces of primary legislation mentioned the post by name (as did more than 1000 Statutory Instruments)." (p 85)
206. He also informed us that "because of the importance of being able to provide confidential advice on a range of options to the Prime Minister, the Cabinet Office consulted senior officials in the Lord Chancellor's department prior to the Prime Minister's meeting with Lord Irvine in early June but did not consult senior members of the judiciary. While I appreciate the concerns that have been raised by this lack of consultation, even with the benefit of hindsight I do not think it would have been right for the Cabinet Office to undertake consultation with the judiciary without the involvement in it of the Lord Chancellor, which for the reasons Lord Irvine and Lord Turnbull have explained to the Committee was not possible at the time." (p 85)
207. Our concern in this context is less with the substance of the constitutional reforms announced in June 2003, than with the process by which they were implemented.
208. That process involved wholly inadequate consultation both within Government (the Lord Chancellor was not consulted before decisions were taken) and outside Government (in particular, the failure to consult the senior judiciary).
209. There was no justification for the failure to consult on these important reforms. If the opinions and personality of the Lord Chancellor were considered by the Prime Minister to be an obstacle to reform, it was open to the Prime Minister to ask for his resignation and to appoint a new Lord Chancellor more sympathetic to the policy. Proper consultation could then have occurred. It would be a bizarre negation of Cabinet government for a

responsible minister to be kept in ignorance of an important policy because he might initially oppose it.

210. We are also concerned that, as Lord Irvine told us in his evidence, the scale of the constitutional changes involved, and the content of the necessary legislation, were not properly appreciated. This problem could not have arisen but for the fact that the Lord Chancellor and the senior judiciary were not consulted. Consultation on important constitutional reform is essential to good government.
211. In addition, although Sir Gus O'Donnell told us that preparatory work on the legislative implications of the proposal had been undertaken, it appears that little consideration had been given to the fact that specific legislation was required to abolish the post of Lord Chancellor.
212. The Committee regards it as entirely unsatisfactory that, in response to our request for further information, the Cabinet Secretary did not provide documents to clarify the detail of the steps taken by government in developing these proposals, even if these documents could only have been provided in confidence to the Committee.
213. It is impossible to discern a consistent picture from the evidence received of what happened. With regret, we must therefore leave it at that.
214. **In the case of the proposal to abolish the Office of Lord Chancellor in June 2003, the Cabinet Office was unable to ensure compliance with proper constitutional norms in the adoption of a change of such constitutional significance. It is particularly disturbing that these failures occurred without there being any external crisis which might explain, far less justify, such failures. Consideration should be given by the Cabinet Office to means of ensuring that such failures do not recur.**
215. **Whilst we accept the general proposition that the ability to undertake machinery of government changes should remain as a prerogative power of the Prime Minister on behalf of the Crown, this should be subject to a number of provisos. In the case of the proposal to abolish the Office of Lord Chancellor, the fact that it marked a constitutional change of great significance, with implications for both Parliament and the judiciary and that the post could only be removed by statute, meant that it required totally different handling.**
216. **We recommend that the Cabinet Office should play a formal role in investigating the likely consequences of any machinery of government changes, particularly those with constitutional implications.**
217. **We further recommend that parliamentary scrutiny of machinery of government changes should be enhanced, and that, as a minimum requirement, the Government, advised by the Cabinet Office, should be required to set before Parliament a written analysis of the relevant issues and consequences relating to a proposed machinery of government change with constitutional implications, and that an oral ministerial statement be made in Parliament. We affirm the value of the scrutiny work of parliamentary committees in this context, and recommend that relevant committees of both Houses be given the opportunity to scrutinise proposed changes, both before and after they take place.**

CHAPTER 4: STRENGTHENING THE CIVIL SERVICE

218. The third function of the Cabinet Office is “Strengthening the Civil Service—to ensure that the civil service is organised effectively and has the capability in terms of skills, values and leadership to deliver the Government’s objectives”.²⁰ Several witnesses argued that the threefold Cabinet Office functions were an uneasy combination. Dr Heffernan thought that they were “essentially incompatible”. (Q 35) Professor Kavanagh argued that the Cabinet Office was “overloaded” and had “lost sight of its original objectives”, (Q 45) while Lord McNally thought that some of the Cabinet Office’s functions were “mutually exclusive”. (Q 106) Dr Blick and Professor Jones thought that “the Cabinet Office suffers from institutional schizophrenia” and had “taken on multiple personalities, which can contradict one another”. (p 174) Perhaps the greatest area of contention in this area was whether it was appropriate for the Cabinet Office to combine the responsibilities outlined in the previous chapters with that of managing the Civil Service.

i) The Cabinet Office’s responsibility for the Civil Service

219. Witnesses expressed concern at how the Cabinet Office’s responsibility for strengthening the Civil Service could be reconciled with its other functions. The Cabinet Office has not always exercised responsibility for the Civil Service. Prior to 1968, the Treasury held departmental responsibility. Following the recommendation of the Fulton Report, a new Civil Service Department was established in that year. It was abolished in 1981, when its responsibilities were split between the Treasury and the Cabinet Office. The Cabinet Office only assumed sole responsibility for the Civil Service in 1995. (Memorandum by Sir Robin Mountfield, pp 68–9)

220. Peter Riddell argued that the “dual role” had produced “a lot of tensions” and “confusion” and that responsibility for the Civil Service should be handled separately. (QQ 20, 33) Dr Heffernan claimed that “we hide the Civil Service away”, and recommended the re-establishment of the Civil Service Department. (QQ 46, 68) Whilst advocating that responsibility for the Civil Service should lie in the centre, Sir Richard Mottram agreed that it did not necessarily need to be undertaken in the Cabinet Office. (p 35)

221. On the other hand, Dr June Burnham, formerly Senior Lecturer, Middlesex University, acknowledged that whilst “the ‘architecture’ joining civil service management to the Cabinet Office policy role is the least settled organisationally ... the least problematical solution has been attachment to the Cabinet Office”. (p 178)

222. The debate about responsibility for the Civil Service is intrinsically linked to the question of whether the Cabinet Secretary should be the Head of the Home Civil Service.

ii) The Cabinet Secretary’s role as Head of the Home Civil Service

223. The role of Head of the Civil Service has changed hands over the years. The post was held by the Permanent Secretary to the Treasury for many years, until the Permanent Secretary of the new Civil Service Department assumed

²⁰ http://www.cabinetoffice.gov.uk/about_the_cabinet_office.aspx

responsibility in 1968. In 1981, the Cabinet Secretary and the Permanent Secretary to the Treasury became joint Heads of the Home Civil Service, until the Cabinet Secretary assumed sole responsibility in 1983. (Memorandum by Sir Robin Mountfield, p 68)

224. Sir Robin Mountfield thought that the combination of the posts of Cabinet Secretary and Head of the Home Civil Service “creates a massive burden, and it is a matter of perennial debate whether the posts should be combined. ... If they were not combined, the case for Civil Service management being in the Cabinet Office would be weaker, and the case for a separate Civil Service Department stronger ... The prime claimed advantage ... is the need for somebody with frequent access to the Prime Minister to be there to lead and represent the Civil Service ... The contrary argument is that he may be somewhat conflicted ... There is an argument on both sides of this debate, therefore, and it seems to me that you could run it either way.” (Q 173, p 69)
225. Lord Lipsey told us that he did not think that one person should hold both posts, since they are “quite different functions and ... protecting and promoting the status of civil servants is best separated from ... what the Cabinet Secretary now inevitably is, the Prime Minister’s senior policy adviser”. (Q 105)
226. Sir Michael Bichard did not think it possible for one person to be able to fulfil both roles. (Q 195) Rachel Lomax agreed that “the combined role has been a force for blurring boundaries and ... they are functionally quite different. There is no reason on earth why the Head of the Civil Service should be the Cabinet Secretary. If you look at the personal qualities required, increasingly you need different sorts of people”. (Q 195)
227. Professor Kavanagh argued that it was necessary to consider whether a separate, specialised head of the Civil Service was needed because the burdens on the Cabinet Secretary “are so enormous these days”. (Q 45) Sir Richard Mottram agreed that the post “is seriously overloaded”, and that the two roles “require different skills and experience ... the logic and implications of combining the roles need more testing”. (p 35) On the other hand, Jonathan Powell thought that the principal job of the Cabinet Secretary should be to manage the reform of the Civil Service. (p 181)
228. Lords Armstrong, Butler and Wilson argued that the present arrangements had “worked well”. (p 55) Lord Armstrong told us that, as Cabinet Secretary, he had thought that “the senior official in the best position to act as Head of the whole of the Civil Service was the Cabinet Secretary, simply because he was the senior official who saw and dealt with the Prime Minister most frequently ... the spider at the centre of the web.” (QQ 120, 134)
229. Lord Turnbull agreed that a separation “has been tried twice and it was a flop both times. If you talk to the people who got the job as Head of the Home Civil Service ... I think that they would probably say, ‘I wish I’d never done it’. They got very badly isolated.” (Q 165)
230. The current Cabinet Secretary, Sir Gus O’Donnell, believed that the functions of the post fit together well and that previous attempts to separate them out had not worked well, (Q 342) and Tessa Jowell argued that “the current configuration of responsibilities works well”. (p 132)

231. **We find persuasive the arguments which we have heard that the current arrangement where the Cabinet Secretary acts as Head of the Civil Service has worked well. We therefore recommend that the Cabinet Secretary should continue to fulfil the function of Head of the Civil Service, and that the Cabinet Office should retain responsibility for managing the Civil Service.**

iii) The role of the Cabinet Secretary

232. The Cabinet Secretary plays a pivotal role in the operation of the Cabinet Office and the centre as a whole. Aside from his role as Head of the Home Civil Service, the Cabinet Secretary has traditionally had primary responsibility for supporting Cabinet and the Prime Minister in his role as Chair of Cabinet.
233. Former Cabinet Secretaries gave us an insight into the broader aspects of the role. Lord Armstrong told us that the Cabinet Secretary acts as a guardian of the collective responsibility of government. (Q 109) Lord Butler said that, in his experience, “a Cabinet Secretary was the chief engineer on the ship of state, making sure that the decisions that the Prime Minister and the Cabinet took on the bridge were transmitted into the system”. (Q 113) In their joint submission, they and their successor, Lord Wilson, asserted that they had each “been constantly conscious of his responsibility to the Cabinet collectively and of the need to have regard to the needs and responsibilities of the other members of the Cabinet (and indeed of other Ministers) as well as those of the Prime Minister”. (p 54)
234. Sir Gus O’Donnell told us that his role included “advising the Prime Minister and being at his side for key meetings ... You need to be clear that you want to be involved in the big, strategic decisions”, such as economic issues in the current climate. (Q 346) He also said that he had a role in relation to cross-departmental working, because “if you want them to collaborate and in particular pool money they need a bit of bashing heads together”. (Q 349)
235. There was also recognition that the role of Cabinet Secretary was an onerous one. Lord Armstrong told us that “the job of Cabinet Secretary is a very big one and involves a great deal of work, with very long hours and many pressures”. He told us that his assumption of responsibility for the Civil Service in 1981 necessitated the delegation of other functions, such as the preparation of briefs for the Prime Minister on Cabinet business. (Q 134)
236. His successors were confronted with a similar dilemma, which they responded to in different ways. Lord Turnbull did not think the Cabinet Secretary could combine his role as the Prime Minister’s security adviser with his other functions. His solution was to delegate his role as the Prime Minister’s principal security and intelligence adviser. (QQ 165, 173) Sir Gus O’Donnell told us that, though he did delegate much of this work, he was the accounting officer for the security and intelligence agencies. (Q 348)
237. Several other witnesses felt that the post of Cabinet Secretary was overloaded. Sir Richard Mottram reflected on attempts “to help tackle overload by vesting significant responsibilities in another Permanent Secretary in charge of public service change (as in the 1990s) or more recently the cluster of intelligence, security and civil contingencies but these arrangements are no longer in place. This makes the overload problem

- worse.” (p 35) Sir Michael Bichard felt that “the Cabinet Secretary ought to have very direct responsibility for ... supporting the Prime Minister and the Cabinet”, but “you probably need someone” reporting to the Cabinet Secretary who is “a director for civil and public services”. (Q 186)
238. For Peter Riddell, there was a wider problem, in that he argued that in recent years, “Cabinet Secretaries found themselves less as a key co-ordinator of policy advice than their predecessors were and much more personnel heads of the Civil Service and in charge of delivery and delivery co-ordination”. Mr Riddell argued that a contributory factor was the presence “around Tony Blair” of “Jonathan Powell, Alastair Campbell and others as well as quite powerful special advisers on the policy side”. (Q 26) Sir Richard Mottram said that “developments since 1997 have at times significantly weakened the Cabinet Secretary’s role as a strategy and policy adviser at the heart of government”. (p 35) Dr Heffernan thought that, whilst the role had grown, the Cabinet Secretary’s “personal authority has probably diminished in the past ten years”. (Q 45) Dr Seldon agreed that “the Cabinet Secretary needs to be again a figure of real stature ... who can stand up for the Civil Service and stand up to the Prime Minister”. (p 182)
239. While Lord Donoughue did not think that there had been a “decline in the calibre of individuals”, he felt that recent Cabinet Secretaries “appear frustrated to some extent” because “the bureaucratic machine around them was somehow dismantled and it became much more difficult for them to impose the efficient will that had been the characteristic of Sir John Hunt”, Cabinet Secretary from 1973-79. (QQ 103-4)
240. On the other hand, Baroness Hogg told us that “the job is as important as it ever was ... and I have the greatest respect for the current Cabinet Secretary ... The question ... is whether the pressures on them have changed and whether it is more difficult to do the job”. (Q 306) Tessa Jowell argued that “the Cabinet Secretary retains an important and central role in providing strategic policy advice”. (p 132)
241. Sir Gus O’Donnell rejected the claims that he had a reduced voice in big strategic decisions (Q 347):
- “It depends on the engagement between the individual Cabinet Secretary and the Prime Minister of the day as to how they use their Cabinet Secretary, but I would certainly say I am not short of things to do ... I certainly believe that I have all the personal authority I need.” (Q 346)
242. **We note the Cabinet Secretary Sir Gus O’Donnell’s assertion that he has “all the personal authority I need”, and agree with his assessment that much “depends on the engagement between the individual Cabinet Secretary and the Prime Minister of the day as to how they use their Cabinet Secretary.” Nonetheless we note with concern the evidence we have received suggesting that the authority of the Cabinet Secretary has diminished. The Cabinet Secretary has a vital role to play in ensuring the effective operation of government, and should retain the authority needed to fulfil this function with the full support and backing of the Prime Minister.**

iv) The Cabinet Office and Capability Reviews

243. An addition to the work of the Cabinet Secretary is the Capability Review Programme. The programme was launched by Sir Gus O'Donnell in 2005 and has been conducted, since June 2007, by the Civil Service Capability Unit in the Cabinet Office. Capability Reviews aim to address “underlying capability issues that impact on effective delivery, such as:

- Do departments have the right strategic and leadership capabilities?
- Do they know how well they are performing, and do they have the tools to fix their problems when they underachieve?
- Do their people have the right skills to meet both current and future challenges?
- Do they engage effectively with their key stakeholders, partners and the public?”²¹

All departments across Whitehall had been reviewed by December 2007. The second phase of reviews commenced in early 2008.

244. The Government stated that Capability Reviews had “led to a step change in the way departments are held to account for their ability to lead, set strategy and deliver on their objectives”. They argued that the Programme had been successful, with all departments demonstrating “evidence of improvement”, and pointed out that a 2009 independent review by the National Audit Office “confirmed that the programme had improved capability in Whitehall departments”. (p 118)

245. Sir Gus O'Donnell argued that Capability Reviews “have provided support and opportunity for Permanent Secretaries to be challenged and informed by peers from both the public and private sectors with a view to enhancing leadership and delivery”. (p 162) Tessa Jowell likewise asserted that they “have opened up Whitehall to external challenge and provided Permanent Secretaries with the opportunity to gain highly detailed objective assessment of performance from experts in both the public and private sectors”, and that “the Cabinet Secretary has a strong focus on the capability of departments, across the range of their activities”. (pp 131–2)

246. Other witnesses affirmed the value of Capability Reviews. Sir Michael Bichard thought that “the current Cabinet Secretary has shown a great deal of courage in putting those in place ... there are criticisms of Capability Reviews but people do take them seriously ... and permanent secretaries and departments have taken notice of what they have said and acted upon it ... I think they have been a force for good”. (Q 189) He did add that they needed to be developed, and hoped that in the future they would place more emphasis on “the importance of joining-up across not just departments but across sectors”. (Q 194)

247. Sir Richard Mottram told us that Capability Reviews were “a partnership between the centre and departments, and I think the view of departments ... is that it has worked well and it has improved their capability”. (Q 84) Baroness Hogg said that the work that the Cabinet Secretary was carrying out in this regard was “enormous”. (Q 306)

²¹ Civil Service (2009) *Capability Reviews: Background*
<http://www.civilservice.gov.uk/about/improving/capability/CapabilityRev-BG.aspx>

248. Peter Riddell agreed that Capability Reviews had probably “improved the quality of top financial management and personnel management in departments”. However, he said that the weakness of this approach was that they could not deal with “the whole complexity of the Civil Service-minister relationship ... there is that sense that the Cabinet Office is acting as a check but it is a very unsatisfactory one ... are they the proper people to do it?” (Q 29)
249. **We note the work undertaken by the Cabinet Office in delivering Capability Reviews of departmental activity. We believe that the Cabinet Office is the most appropriate department to undertake this work.**

CHAPTER 5: CONCLUSION

250. **In undertaking this inquiry we have considered a complicated and at times confusing web of offices, structures, jobs and personalities. This complicated picture should not obscure the fact that the operation of the centre of government is of unique and vital importance to the effectiveness of the UK's system of government. We repeat our view that structures of accountability should mirror structures of power. Our recommendations have sought to ensure that where structures of power have shifted, structures of accountability are adjusted accordingly. As the General Election approaches, we call on all political parties to bear this principle in mind.**

CHAPTER 6: SUMMARY OF RECOMMENDATIONS

Introduction

251. In our view, structures of accountability should mirror structures of power, and where structures of power have changed, the structures of accountability should be adjusted accordingly. Two considerations flow from this view:
- Upholding and improving parliamentary accountability;
 - Ensuring that all elements of the centre, and all aspects of the centre's work are transparent. (Para 8)

Supporting the Prime Minister

252. Sir Gus O'Donnell asserted that "there is one Cabinet Office of which Number 10 is a subset". This description of the relationship between the Cabinet Office and Prime Minister's Office was not reflected in other evidence that we received. It conflicts, for instance, with the statement of Lords Armstrong, Butler and Wilson, that the two offices are "functionally distinct". It is open to doubt whether Sir Gus O'Donnell's description of the Prime Minister's Office as a "subset" and a "business unit" goes beyond what Sir Richard Mottram told us, that "Number 10 is part of the Cabinet Office for public expenditure planning purposes", and whether it accurately describes how the centre operates in practice. We believe that the nature of this relationship should be clarified by the Cabinet Office, and should be reflected in government publications, which appear to suggest that the two offices are independent institutions. (Para 25)
253. The role of the Prime Minister's Office is central to the role and structure of the centre of government. The establishment by the current Prime Minister of the post of Permanent Secretary to the Prime Minister's Office is an important step in the evolution of the structure of the centre. We recognise the arguments set out by Sir Gus O'Donnell and Jeremy Heywood in favour of the current arrangements, and Sir Gus O'Donnell's explanation of the role of the six permanent secretaries located in the Cabinet Office. We recommend that the Prime Minister's Office, and the Permanent Secretaries that operate within it, are subject to appropriate parliamentary accountability mechanisms. (Para 26)
254. We conclude that a greater involvement and influence by the Prime Minister on policy delivery is inevitable in the modern age, that the Prime Minister's role has evolved over a long period under different governments, and that Prime Ministers will wish to use all possible resources in pursuit of the role. We recommend that the Prime Minister's role and the centre's role in policy delivery are transparent and accountable to Parliament. (Para 43)
255. We believe that the Delivery Unit and the Strategy Unit play a useful role in delivering the Government's policy agenda, for instance in co-ordinating work across government departments, and that there should be transparency and accountability for the work of these units. (Para 52)
256. We agree with the Minister for the Cabinet Office that the flexibility of the structure of the centre of government is an asset. We also recognise the value of an "incubator role", where the Cabinet Office develops units and functions that are consequently transferred to the relevant government

departments, but we fear that the Cabinet Office has tended to function less as an incubator and more as a dustbin. The fact that policy units for which no other home can be found have been placed in the Cabinet Office underlines the constitutional importance of ensuring that the Cabinet Office and the units within it are properly held to account. (Para 66)

257. We recommend that a review of the units that have accrued to the centre be undertaken by the Government, including an examination of the rationale for each unit's continued existence, and for its location at the centre of government rather than in a department. In order to ensure that the Government are properly held to account, we recommend that a copy of this review be sent to this Committee and also, should they wish to receive it, to the House of Commons Public Administration Select Committee. We also recommend that the same review process be repeated regularly. Appropriate mechanisms should be put in place to ensure that those units that remain are held to account in an effective manner. (Para 67)
258. We believe that special advisers have an important role to play in the work of government, but that it is necessary to ensure that advisers fulfil an appropriate function that complements, rather than diminishes, the role and responsibilities of ministers and civil servants. Transparency should apply to the work of special advisers. We welcome the provision for a Code of Conduct for special advisers included in the Constitutional Reform and Governance Bill. This Code should include a procedure to limit the numbers of special advisers. We recommend that the Government should define the role of special advisers, and prevent a recurrence of the 1997 Order in Council giving advisers the power to instruct civil servants. We will pay particular attention to these issues when we conduct our scrutiny of the Bill. (Para 84)
259. We reaffirm that structures of accountability should mirror structures of power. We reaffirm that the structure of accountability should mirror the structure of power. Greater prominence in the role of the Prime Minister should be mirrored by increased transparency and more effective accountability. Whilst we welcome the biannual appearance by the Prime Minister before the House of Commons Liaison Committee, we do not believe that this goes far enough in securing the parliamentary accountability of the Prime Minister's Office. (Para 97)
260. We do not support the calls for the creation of a separate Office of the Prime Minister, or an Office of the Prime Minister and the Cabinet, because we do not believe that this would significantly enhance the effective functioning or accountability of government. Instead we recommend that "Supporting the Prime Minister" should remain a core function of the Cabinet Office, so long as there is full transparency in the way in which the Cabinet Office fulfils this role, and so long as accountability mechanisms effectively reflect the importance of this function. (Para 110)

Supporting the Cabinet

261. We reaffirm our belief in the importance of Cabinet government, which plays an essential role in upholding the principle of collective ministerial responsibility. (Para 128)
262. We believe that the Cabinet committee system remains an essential part of the UK's government structure, as part of the system of collective ministerial

responsibility. In order for Cabinet committees to function effectively, we believe that they should be mirrored by committees of officials. We ask the Government to clarify the extent to which Cabinet committees continue to be supported in this way. (Para 137)

263. We reaffirm the constitutional importance of the principle of collective ministerial responsibility. Executive responsibility should not lie solely with the Prime Minister, not least because accountability mechanisms are not designed to reflect such responsibility. In the light of the trends and changes described above, it is important that the principle of collective responsibility is maintained. (Para 153)
264. The increasing recognition of issues involving more than one department has placed pressure on the traditional departmental delivery model. In order to ensure that structures of accountability mirror structures of power, Parliament should ensure that its accountability mechanisms adapt to the changing nature of policy formation and delivery. Government should ensure that the mechanism of the policy formation and delivery process remains transparent. (Para 154)
265. We believe that the post of Minister for the Cabinet Office should be maintained in order to ensure that the work of the Cabinet Office is transparent, and to ensure that Parliament is able to hold the Department to account in an effective way, but are concerned that the responsibilities of the Minister in relation to the Cabinet Office are at present ill-defined. We recommend that the Government reassess the current function of the Minister for the Cabinet Office to ensure that the postholder's responsibilities accurately reflect and account for the strategic role that the Cabinet Office plays. (Para 163)
266. In the case of the proposal to abolish the Office of Lord Chancellor in June 2003, the Cabinet Office was unable to ensure compliance with proper constitutional norms in the adoption of a change of such constitutional significance. It is particularly disturbing that these failures occurred without there being any external crisis which might explain, far less justify, such failures. Consideration should be given by the Cabinet Office to means of ensuring that such failures do not recur. (Para 214)
267. Whilst we accept the general proposition that the ability to undertake machinery of government changes should remain as a prerogative power of the Prime Minister on behalf of the Crown, this should be subject to a number of provisos. In the case of the proposal to abolish the Office of Lord Chancellor, the fact that it marked a constitutional change of great significance, with implications for both Parliament and the judiciary and that the post could only be removed by statute, meant that it required totally different handling. (Para 215)
268. We recommend that the Cabinet Office should play a formal role in investigating the likely consequences of any machinery of government changes, particularly those with constitutional implications. (Para 216)
269. We further recommend that parliamentary scrutiny of machinery of government changes should be enhanced, and that, as a minimum requirement, the Government, advised by the Cabinet Office, should be required to set before Parliament a written analysis of the relevant issues and consequences relating to a proposed machinery of government change with constitutional implications, and that an oral ministerial statement be made in

Parliament. We affirm the value of the scrutiny work of parliamentary committees in this context, and recommend that relevant committees of both Houses be given the opportunity to scrutinise proposed changes, both before and after they take place. (Para 217)

Strengthening the Civil Service

270. We find persuasive the arguments which we have heard that the current arrangement where the Cabinet Secretary acts as Head of the Civil Service has worked well. We therefore recommend that the Cabinet Secretary should continue to fulfil the function of Head of the Civil Service, and that the Cabinet Office should retain responsibility for managing the Civil Service. (Para 231)
271. We note the work undertaken by the Cabinet Office in delivering Capability Reviews of departmental activity. We believe that the Cabinet Office is the most appropriate department to undertake this work. (Para 242)
272. We note the work undertaken by the Cabinet Office in delivering Capability Reviews of departmental activity. We believe that the Cabinet Office is the most appropriate department to undertake this work. (Para 249)

Conclusion

273. In undertaking this inquiry we have considered a complicated and at times confusing web of offices, structures, jobs and personalities. This complicated picture should not obscure the fact that the operation of the centre of government is of unique and vital importance to the effectiveness of the UK's system of government. We repeat our view that structures of accountability should mirror structures of power. Our recommendations have sought to ensure that where structures of power have shifted, structures of accountability are adjusted accordingly. As the General Election approaches, we call on all political parties to bear this principle in mind. (Para 250)

APPENDIX 1: SELECT COMMITTEE ON THE CONSTITUTION

The Members of the Committee which conducted this inquiry were:

Lord Goodlad (Chairman)
 Lord Hart of Chilton (from 25 November 2009)
 Baroness Jay of Paddington (from 25 November 2009)
 Lord Lyell of Markyate
 Lord Morris of Aberavon (until 12 November 2009)
 Lord Norton of Louth
 Lord Pannick
 Lord Peston (until 12 November 2009)
 Baroness Quin
 Lord Rodgers of Quarry Bank
 Lord Rowlands (until 12 November 2009)
 Lord Shaw of Northstead
 Lord Wallace of Tankerness
 Lord Woolf

Note: Lord Irvine of Lairg was appointed to the Constitution Committee during the course of this inquiry. He decided to exclude himself from the Committee's consideration of the draft report and played no part in its deliberations. Nor did he receive any confidential Committee papers relating to the inquiry.

Declaration of Interests

GOODLAD, Lord

**12(f) Regular remunerated employment
 Member, International Advisory Council GFTA Analytics Ltd
 15(d) Office-holder in voluntary organisations
 Sir Robert Menzies Memorial Trust
 Opera Australia Capital Fund*

HART OF CHILTON, Lord

**12(f) Regular remunerated employment
 I am a solicitor (but no longer practising)
 I have acted as a paid special adviser to two Lord Chancellors (Lord Irvine of Lairg and Lord Falconer of Thoroton).
 *13(b) Landholdings
 Farmland in Suffolk
 *13(c) Financial interests of spouse or relative or friend
 My wife is a practising solicitor
 15(a) Membership of public bodies
 Chancellor of the University of Greenwich (from 1 January 2008)
 15(b) Trusteeships of cultural bodies
 Trustee and Board Member of -
 Development Council of the Almeida Theatre, Islington
 British Architectural Library Trust
 Council of University College, London
 Member of the Project and Development Committee of the Victoria and Albert Museum
 15(d) Office-holder in voluntary organisations
 Vice Patron of the Ipswich Blind Society (from 1 January 2008)*

JAY OF PADDINGTON, Baroness

**12(d) Non-parliamentary consultant*

Advisory contract with Gerson Lehrman Group

**12(e) Remunerated directorships*

Non-executive Director, BT plc Corporate Social Responsibility Committee

Non-executive Director, Independent News and Media plc

Member, International News and Media International Advisory Board

**12(i) Visits*

Attendance at IAC Annual Conferences in Hamburg, Germany and

Stockholm, Sweden (June 2008) - IAC paid air fare and hotel expenses

Attended the Annual meeting of the Interaction Council in Saudi Arabia (9-13 May 2009) - the IAC paid my airfare and hotel expenses

As a Fellow of The Industry and Parliament Trust, I am required to travel from time to time and my host company Johnson and Johnson plc will pay

15(d) Office-holder in voluntary organisations

Member of Council Overseas Development Institute

Joint President of the Foreign Policy Centre (this is an honorary post)

16(a) Trusteeships

Trustee, New Health Network

16(b) Voluntary organisations

Patron of several voluntary organisations in the health and social care field

Associate Member of Inter Action Council

LYELL OF MARKYATE, Lord

**13(b) Landholdings*

Shared ownership with my wife of a house in London, a property in Burgundy and some farmland, woodlands, and a pair of cottages in Hertfordshire

15(a) Membership of public bodies

Chairman of the St Albans Cathedral Trust (until October 2007)

Member of the Court of the Universities of Hertfordshire and Luton

15(b) Trusteeships of cultural bodies

Chairman of the Federation of British Artists (the Mall Galleries) (a charity)

(I took up office at the meeting of the board on 19 July 2007)

MORRIS OF ABERAVON, Lord

15(a) Membership of public bodies

Chancellor of University of Glamorgan

Hon Fellow of Gonville of Caius College, Cambridge

Hon Fellow of University College of Wales, Aberystwyth

Hon Fellow of University College of Wales, Swansea

Hon Fellow of University College of Wales, Lampeter

Hon Fellow of Trinity College Carmarthen

Bencher of Gray's Inn

Occasional advisory work as a QC

NORTON OF LOUTH, Lord

**12(f) Regular remunerated employment*

Professor of Government, University of Hull (Director, Centre for Legislative Studies)

Director of Studies, Hansard Society

15(a) Membership of public bodies

Governor, King Edward VI Grammar School, Louth

15(b) Trusteeships of cultural bodies

Trustee, History of Parliament Trust
Trustee, Elizabeth Russell Fund (a charity)
15(c) Office-holder in pressure groups or trade unions
Chairman, Conservative Academic Group
Member, Advisory Board, Centre for Policy Studies
Member, Committee, Conservative History Group
15(d) Office-holder in voluntary organisations
Vice President, Political Studies Association of the UK
Member of Council, Hansard Society for Parliamentary Government
Editor, Journal of Legislative Studies (unremunerated but published by commercial publisher)
Council Member, Constitution Unit
16(b) Voluntary organisations
Member, Study of Parliament Group

PANNICK, Lord

**12(f) Regular remunerated employment*
Practising member of the Bar
Fortnightly column on legal issues for The Times
15(a) Membership of public bodies
Fellow of All Souls College, Oxford
Hon. Fellow of Hertford College, Oxford
15(d) Office-holder in voluntary organisations
Chairman of the Legal Friends of The Hebrew University, Jerusalem
Bencher of Gray's Inn

PESTON, Lord

15(d) Office-holder in voluntary organisations
Vice President, Speakability

QUIN, Baroness

15(a) Membership of public bodies
Member of Durham Cathedral Council (unpaid)
15(d) Office-holder in voluntary organisations
President, Gateshead Arthritis Care Association
16(b) Voluntary organisations
Chair of Franco-British Council

RODGERS OF QUARRY BANK, Lord

No relevant interests

ROWLANDS, Lord

**12(d) Non-parliamentary consultant*
Consultant to the National Training Federation, Wales
Consultant to Tydfil Training, Merthyr Tydfil
**12(e) Remunerated directorships*
Chairman, More Than Just a Game
**13(d) Hospitality or gifts*
I have occasionally been a guest of Dyfed Steels at the Llanelli/Scarlets' matches
15(b) Trusteeships of cultural bodies
Trustee and Member of the History of Parliament Trust
15(d) Office-holder in voluntary organisations
Trustee of the Winston Churchill Memorial Fund for travelling scholarships
16(b) Voluntary organisations
Member of the Pfizer Foundation on health inequalities

SHAW OF NORTHSTEAD, Lord

No relevant interests

WALLACE OF TANKERNESS, Lord

*12(d) *Non-parliamentary consultant*

I run a company, Jim Wallace Consultancy Ltd

Consultancy advice may involve advising on issues and procedures in relation to the Scottish Parliament; arranging meetings with public bodies in Scotland; attending meetings between the client company and members of the Scottish Parliament or members of the Scottish Executive.

Through the company, I have undertaken consultancy work for:

Aquatera Ltd, a provider of environmental and sustainability services, with particular interests in the renewable energy sector;

Consultancy with Quatro Public Relations in relation to specific renewable energy projects

Simpson & Marwick WS, Edinburgh;

Infinis Ltd;

Hays Specialist Recruitment;

Retail Loss Prevention;

Loganair Ltd

*12(e) *Remunerated directorships*

Director and Chairman, Northwind Associates Ltd (wind energy)

Director and Chairman, Jim Wallace Consultancy Ltd (general public affairs, speech making, articles)

*12(f) *Regular remunerated employment*

Employed by Jim Wallace Consultancy Ltd

*12(g) *Controlling shareholdings*

80% shareholding in Jim Wallace Consultancy Ltd - general consultancy on public policy issues, speech making, articles

*12(i) *Visits*

Visit with spouse to Guardian Festival of Literature at Hay-on-Wye (22-25 May 2009) as guests of SkyARTS; accommodation and meals provided by Sky

*13(a) *Significant shareholdings*

20% interest in Northwind Associates Ltd (wind energy)

*13(b) *Landholdings*

One-half share in two dwelling houses in Annan, Dumfrieshire (no rental income)

One-half share in 2 acre field at Annan, Dumfrieshire

15(a) *Membership of public bodies*

Non-practicing member of Faculty of Advocates

Hon. Professor in Institute of Petroleum Engineering, Heriot Watt University

15(d) *Office-holder in voluntary organisations*

Board Member, St. Magnus Festival Ltd (unremunerated)

Chair of Relationships Scotland (the new organisation which embodies the merger between Family Mediation Scotland and Relate Scotland) (from 1 April 2008) (unpaid)

Board Member, Centre for Scottish Public Policy (independent think tank) (unpaid)

Co-Convenor of the Poverty & Truth Commission in Scotland. It is an independent Commission run under the auspices of the Priority Area division of the Church of Scotland's Ministries Council

Member, Commission on Scottish Devolution 2008-09

WOOLF, Lord

**12(f) Regular remunerated employment*

Non-permanent judge of Hong Kong Final Court of Appeal—Law Lord

Former advisor to CEDR on mediation issues

Chairman of the Bank of England's Financial Markets Law Reform Committee

June 2007-May 2008: Chairman, of the Woolf Committee, which reviewed and proposed standards of ethics and integrity for adoption in existing and future contracts for the manufacture and supply of arms by BAE Systems Limited

Senior Judge, Commercial Court, Qatar

Chancellor of the Open University of Israel

Regular income from speeches, writing articles and books on the above subjects

15(d) Office-holder in voluntary organisations

President, Chairman or Patron of numerous voluntary bodies working in the areas of prison and justice

APPENDIX 2: LIST OF WITNESSES

The following witnesses gave evidence. Those marked with * gave oral evidence.

- Lord Adebawale
- * Lord Armstrong of Ilminster
- * Sir Michael Barber
- Better Government Initiative
- * Sir Michael Bichard
- Rt Hon Tony Blair
- * Rt Hon David Blunkett MP
- Dr June Burnham
- * Lord Burns
- * Lord Butler of Brockwell
- Democratic Audit, Dr Andrew Blick
- * Lord Donoughue
- * Dr Richard Heffernan
- * Professor Peter Hennessy
- * Lord Heseltine
- * Jeremy Heywood
- * Jonathan Hill
- * Baroness Hogg
- Lord Irvine of Lairg
- * Simon Jenkins, The Guardian
- Professor George Jones
- * Rt Hon Tessa Jowell MP
- * Professor Dennis Kavanagh
- * Lord Lipsey
- * Rachel Lomax
- * Lord McNally
- Jennifer Menzies
- * Sir Richard Mottram
- * Sir Robin Mountfield
- * Geoff Mulgan
- * Sir Gus O'Donnell
- Sir David Omand
- Jonathan Powell
- * Peter Riddell, The Times

- Dr Anthony Seldon
- * Professor Martin Smith
 - Professor Ken Starkey
 - Dr Anne Tiernan
 - * Lord Turnbull
 - Professor Patrick Weller
 - * Lord Wilson of Dinton
 - * Dr Tony Wright MP

APPENDIX 3: THE EVOLUTION OF THE CENTRE

The Development of Central Government

Prior to the mid-nineteenth century, there was no clear or consistent structure to central government in Britain. The 1854 Northcote-Trevelyan Report laid the foundations for the creation of a professional Civil Service. It also enshrined the architectural arrangements of Whitehall based on a model of functionally distinct departments, the principle of which still remains intact. The cornerstone of the Report was that the Civil Service should be unified. This raised the issue of how best to co-ordinate the activities of each department across Whitehall—a theme that has transcended the subsequent 165-year history of central government relations.

Northcote-Trevelyan's advocacy of functionally separate yet unified departments gave rise to a particular set of institutional arrangements. Over time, it was departments and not the central units of British government that became increasingly resource-rich and powerful. Throughout the twentieth century, departments developed the necessary expertise and organisational capability to command control of policy within their functional sphere. A consequence of this was an emergent need for the strengthening of the co-ordinating mechanisms at the centre of Whitehall.

The various co-ordinating mechanisms that have evolved are based on the principle of Cabinet government. Constitutionally, the Cabinet is regarded as the formal location of power in the British political system. In practice, the Cabinet and the Cabinet committee system operate as a means both to enforce the principle of collective Cabinet government on ministers and their respective departments and as a mechanism to resolve interdepartmental conflicts. The formalisation of this system mainly took place in the early twentieth century, first with the formal creation of the Cabinet Office in 1916 and subsequently in the reforms stemming from the 1918 *Report of the Machinery of Government: Ministry of Reconstruction* by Lord Haldane.²²

The First World War was the catalyst for change, creating a pressure for modernisation. As the former Cabinet Secretary, Lord Hunt of Tamworth observed, prior to 1914 “Cabinet was a fairly leisurely process. The number of things government was involved in was fairly limited ... Cabinets met infrequently ... without a secretariat.”²³ The December 1916 Cabinet crisis and with it the replacement of Asquith with Lloyd George as Prime Minister led to the creation of a War Cabinet. It was the precursor to what was subsequently to become the Cabinet Office and its role was to provide overall direction to the war effort.

Under Lloyd George's new model of government, the businesslike procedure of the War Committee was applied to the War Cabinet, and in due course the Cabinet Secretariat became, in peacetime, a permanent institution.

The Lloyd George reforms led to the Cabinet Office being formally conferred with responsibility to co-ordinate policy and offer strategic direction to government. But its subsequent history throughout the twentieth century has been shaped by, at times, an uneasy relationship with the other main co-ordinating units in central government. Key amongst these bodies is the Treasury. Our perception of the

²² For example, the pre-war system of Cabinet operated with no agenda, minutes or a secretary.

²³ Cf. P.Hennessy (1989) *Whitehall* London: Fontana, p 63.

Treasury's role, the concept of Treasury "control" and the omnipotence of the "Treasury view" all derive from post-First World War reform and reorganisation. New wartime ministries had been created by Acts of Parliament that vested control over spending and staffing with the individual ministers rather than with the Chancellor of the Exchequer. To restore control, a Treasury minute empowered its own Permanent Secretary, as Head of the Civil Service and adviser to the Prime Minister, to recommend all senior Civil Service appointments. An Order in Council also gave the Treasury power to regulate the whole establishment, classification, remuneration and conditions of service, so paving the way for a uniformly trained and staffed British Civil Service. Ultimately, Treasury control was reinforced by a minute requiring all departmental spending submissions to be put to the Treasury before going to the Cabinet. Internal reorganisation established three branches: home, supply (public expenditure) and establishment (organisation, manpower and pay of the entire Civil Service).

i) Improving the co-ordination of departmental activity

There have been numerous attempts throughout the last fifty years to bolster the centre of government and to improve the co-ordination of departmental activity.

Between 1951 and 1953, the Churchill Government experimented with a system of "overlords", drawn from the House of Lords to oversee and co-ordinate the activities of different departments and spheres of interest.

During the 1960s and 1970s, "super-ministries" and new central co-ordinating units became fashionable, in an attempt to effect a more joined-up approach to policy-making. It was hoped that this would help the Cabinet to develop a broader strategic overview of the Government's programme and militate against the outbreak of "departmentalism". The Heath Government also established the Central Policy Review Staff (CPRS) within the Cabinet Office, effectively modelled on US-style "think-tanks": to provide a broad overview of the direction of general government policy; where necessary, to challenge the traditional views of Whitehall departments; and to undertake in-depth studies crossing departmental boundaries, for example in energy conservation, the British motor industry and race relations.

After 1979, the overarching theme of the Conservative administration's programme of government reform was a perceived need to impose ministerial control over the policy-making process in Whitehall and to bring what it regarded as the discipline of the market to the public sector. The reforms, though rather incremental in nature, were intended to enhance the co-ordinating capability of the centre. However, some critics argued that they contributed to the increasing fragmentation and complexity of Whitehall.

In the first phase, a variety of managerialist reforms were introduced—Rayner scrutinies (1979-1982) (a series of scrutiny exercises conducted across Whitehall by an Efficiency Unit team located in the Cabinet Office but reporting directly to the Prime Minister), the Financial Management Initiative (1982-84) and Next Steps Agencies (after 1988)—in an attempt to impose greater financial and political disciplines on departmental activity. Collectively, they transformed the way Whitehall operated. In particular, agencification (the creation of semi-autonomous satellite agencies, detached from departments but with responsibility to deliver public services), based on a principal-agent model, was an attempt to enhance the effectiveness of policy-making. It left a smaller core of officials in Whitehall departments to concentrate on policy-making, while semi-detached agencies in the field took responsibility for delivery. Yet these reforms did not

abandon the Northcote-Trevelyan principle of “functional departments” and the tendency for each to operate in a hierarchical, sometimes inflexible manner.

The second phase of reforms, after 1990, saw various attempts to address the two-fold issue of departmentalism (departments defending their own turf) and policy-making being conducted in silos (i.e. only in a vertical not horizontal manner). Various initiatives, including two *Continuity and Change* White Papers (1994, 1995) and the *Senior Management Review* (1995), were aimed at strengthening the horizontal and strategic links both across Whitehall and beyond to include service deliverers in the field, and more specifically to counter the hierarchical culture in Whitehall.

All the various reform initiatives in Whitehall from 1945–97 were conditioned by the enduring principle established by Northcote-Trevelyan of strong, functionally distinct, yet unified departments. The reforms pursued during this period reflect the challenge confronting the various units at the centre of government charged with responsibility to ensure effective co-ordination across government.

ii) Relations at the centre

Relations between the three units making up the centre of Government (the Cabinet Office, the Prime Minister’s Office and the Treasury) have varied over time. The nature of the relationship between the Cabinet Office and the Prime Minister’s Office has really only come under scrutiny in recent times, prompted by the rise of a debate over “presidentialism” and the greater resources now found at Number 10 compared to a decade ago.

Reform of central government since 1997

The forces shaping contemporary government are different from thirty years ago. Numerous factors have changed the modern face of politics: globalisation; post-9/11 security; a 24/7 media news cycle; the increasing network of relations between the UK Government and supra-national organisations such as the G8, the G20 and the European Union; and greater complexity in governing through processes such as devolution and agencification.

The Labour Government came to office with a perception that the challenge of effective, co-ordinated policy-making had become an increasingly difficult task. This issue was compounded by the view that departments had responded by becoming more insular, hierarchical and inward-looking in their approach to policy-making in order to try to secure their own interests. As Tony Blair observed a year after coming to office:

“Many parts of the civil service culture are still too hierarchical and inward looking ... We need to think also about the structures in which we make people work. Often they frustrate more than they enable ... Joined-up government ... I believe this is one of the greatest challenges. We owe it to citizens to focus on what needs to be done, not on protecting our turf. More and more that will require working across boundaries ... It [*Whitehall*] needs to become more open, and responsibility needs to be devolved. Reinventing government to remedy these failures is a key part of our constitutional reform agenda.”²⁴

²⁴ T. Blair, (1998) *Modernising Central Government* Speech to the Senior Civil Service Conference London, 13 October 1998.

The Labour administration argued that the growth of departmentalism in Whitehall had eroded the ability of the executive to operate in a single, unified, co-ordinated manner across the policy spectrum: “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”.²⁵ Prior to entering office, Tony Blair outlined Labour’s chosen strategy: “People have to know that we will run from the centre and govern from the centre”.²⁶ The Labour Government’s solution to the problem of fragmentation was to pursue reforms focused on restructuring the co-ordinating units at the centre and fortifying their resources.

The Labour administration’s reform strategy since 1997 is epitomised by two key publications: first, *Modernising Government* (1999), which established what was to become a familiar theme of Labour’s approach to reform—an emphasis on “joined-up government”; second, a strategy document by the Performance and Innovation Unit, *Wiring It Up: Whitehall’s Management of Cross-Cutting Policies and Services* (2000). This outlined the Labour administration’s approach to joined-up government, arguing for the need to reconnect the various elements of the machinery of government. This was to be achieved by “using the centre ... 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.”²⁷ The Government’s subsequent agenda, outlined in a number of key official publications,²⁸ was a model of strong central control based on reforming Number 10, the Cabinet Office and the Treasury. This table highlights some of the key changes that have taken place:

Key Structural Reforms Post-1997	
1997–01	Office of Public Service merged into the Cabinet Office; Unit-building—establishment of the Centre for Management and Policy Studies, Performance and Innovation Unit (later the Strategy Unit), Social Exclusion Unit, Women’s Unit, Regulatory Impact Unit, and Anti-Drugs Coordination Unit.
2001–2	Establishment of the Office of the Deputy Prime Minister within the Cabinet Office; Various changes following the events of September 11 2001, including the creation of the post of Security and Intelligence Co-ordinator.
2002–7	Establishment of the Office of the Deputy Prime Minister as an

²⁵ Cm 4310 (1999) *Modernising Government* London: The Stationery Office, p 12.

²⁶ Quoted from D. Richards (2008) *New Labour and the Civil Service: Reconstituting the Westminster Model* Basingstoke: Palgrave Macmillan.

²⁷ Cabinet Office (2000) *Wiring It Up—Whitehall’s Management of Cross-Cutting Policies and Services* London: Stationery Office, p 5.

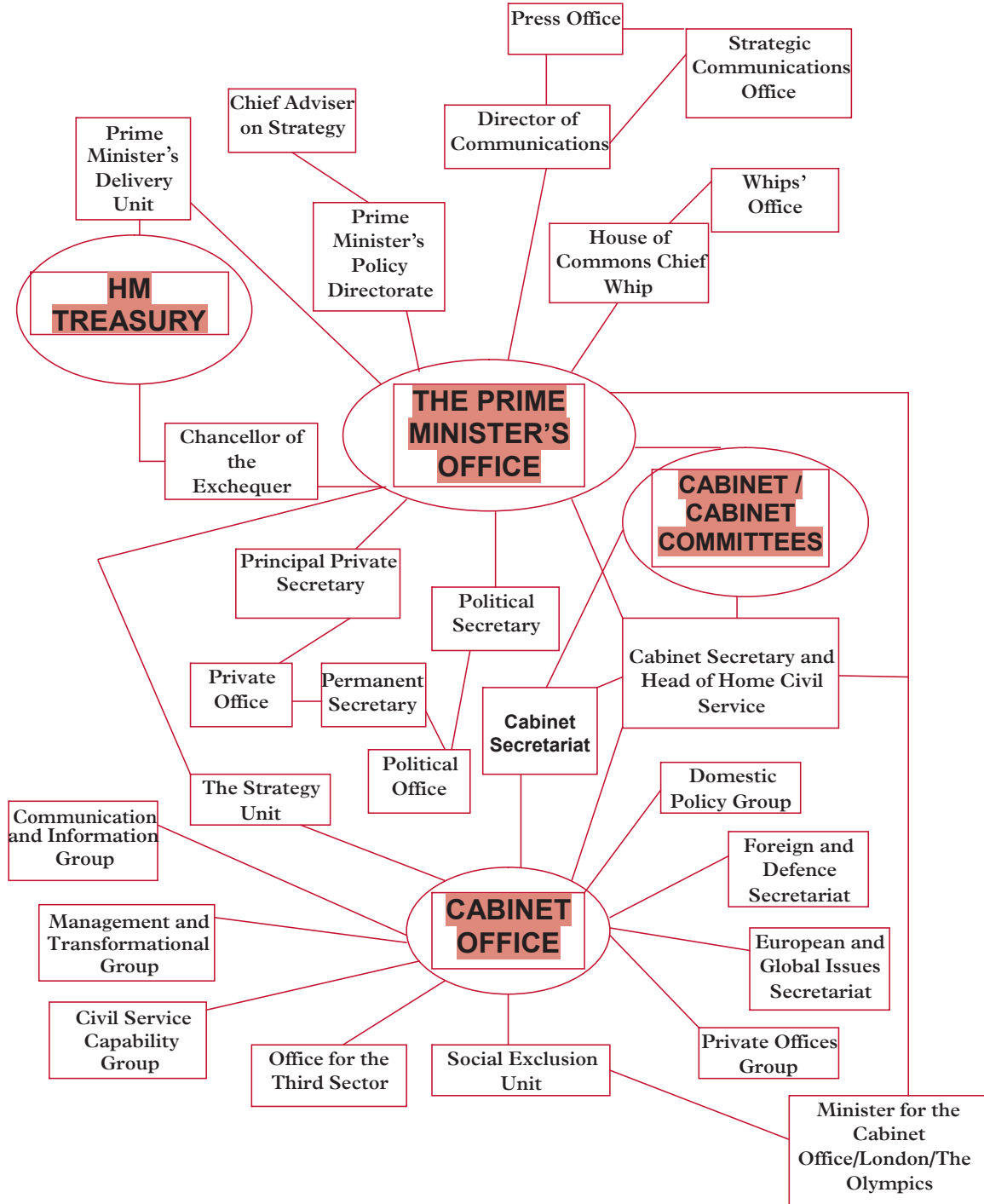
²⁸ See for example: Cm 4310 (1999) *Modernising Government* London: Stationery Office, Cabinet Office (2000) *Wiring It Up—Whitehall’s Management of Cross-Cutting Policies and Services* London: Stationery Office. Cabinet Office (2002) *Organising to Deliver* <http://www.cabinet-office.gov.uk/innovation/2000/delivery/organisingtodeliver/content.htm>, Cabinet Office (2004) *Civil Service Reform, Delivery and Value: Transforming Public Service—A Civil Service that Delivers* London: Cabinet Office, HM Treasury (2006) *Service Transformation: A Better Service for Citizens and Businesses, a Better Deal for the Taxpayer* London: Stationery Office.

	<p>independent department (this Office has since been abolished);</p> <p>Creation of the Delivery and Reform Group to strengthen the capacity of the Cabinet Office and to provide a strategic lead at the centre of Government;</p> <p>A new Civil Service Strategy Board replacing the Cabinet Office Management Board.</p>
Post-2007	<p>Emphasis on structural changes to improve policy and security /intelligence functions and to assist the Cabinet Office, Number 10 and the Treasury to work closer together e.g. advisers to the PM on European and Global Issues, Foreign and Defence Policy, and Domestic Policy moved from Number 10 to the Cabinet Office.</p> <p>Newly-created post of Permanent Secretary for Number 10 to provide greater cohesion between the Cabinet Office and Number 10.</p>

Beyond reforming the institutional arrangements at the centre, the Labour Government also introduced a number of mechanisms and tools of government aimed at bolstering the ability of the centre to co-ordinate and control the activities of departments and the various service delivery agencies. Since 1997, there has been a growth in targets and audit mechanisms—initiatives which are sometimes used to help the centre maintain control over both departments and the growing number of delivery agencies—for example the establishment of Public Service Agreements (30 signed in 2007), and the introduction of the Comprehensive Spending Review, in which the Treasury in conjunction with the Prime Minister’s Delivery Unit set 3-year departmental expenditure limits through Public Service Agreements.

APPENDIX 4: MAPPING THE CENTRE

‘MAPPING THE CENTRE’



Minutes of Evidence

TAKEN BEFORE THE SELECT COMMITTEE ON THE CONSTITUTION

WEDNESDAY 3 JUNE 2009

Present	Goodlad, L (Chairman)	Peston, L
	Lyell of Markyate, L	Rodgers of Quarry Bank, L
	Morris of Aberavon, L	Shaw of Northstead, L
	Norton of Louth, L	

Examination of Witnesses

Witnesses: PROFESSOR PETER HENNESSY, Attle Professor of Contemporary British History, Queen Mary, University of London and DR TONY WRIGHT, a Member of the House of Commons, Chairman, House of Commons Public Administration Select Committee, examined.

Q1 Chairman: Dr Wright and Professor Hennessy, good morning. Thank you very much indeed for joining us. We are being recorded and I would like to ask, if I may, that you identify yourselves formally for the record and then, if you so wish, say a few words of introduction.

Professor Hennessy: Good morning. Professor Peter Hennessy, Attle Professor of Contemporary British History at Queen Mary, University of London.

Dr Wright: I am Tony Wright, and I chair the Public Administration Select Committee down the other end of the building.

Q2 Chairman: Thank you very much indeed. Can I begin by asking which key constitutional issues you think that we should have in mind in relation to our inquiry into the role of the Cabinet Office and the centre of government?

Dr Wright: May I just commend your ambition in undertaking this inquiry? I have chaired the Public Administration Committee for, I think, nearly 10 years now and over several years in the early 2000s we had a continuing inquiry on the go called *The New Centre*. We never completed that inquiry because the new centre constantly changed. We were going to try and pin it down and say something intelligent about it, and then, instead of that, we rather feebly, I think, eventually published a report called *The Emerging Issues*. So I am genuinely full of admiration for you taking this project on. You cannot, I am afraid, just look, as you know, at the Cabinet Office, you really do have to look at the centre of government, and that means looking at the big players at the centre; I am afraid it means you have to look at Number 10, you have to look at the Treasury, you have to look at the Cabinet Office and, indeed, you have got to look at the big players. You have got to look at the Cabinet Secretary, the Prime Minister, the Chancellor, and because these things are determined not by organisational flow diagrams but by political dynamics, the thing changes all the time, which will

be one of the features of my remarks. So to answer your question directly, there is a big constitutional question and a big machinery of government question about the role of what you might call the corporate centre in British Government. There is a continuing discussion, which you all know about, between departmentalism and the centre in Britain, and that has taken different forms at different periods. It has taken a particular form since 1997, but it is a continuing discussion, and that, in turn, then raises issues about the role of the Cabinet and about the role of the Prime Minister and some of the players involved. That is an unresolved issue; it is an evolving issue. You will do well to pin it down. If you can go beyond pinning it down to, as it were, resolving it, then my admiration will be unbounded.

Professor Hennessy: Tony has touched on the central question, Lord Chairman, which has been lurking since May 1997 in a pretty acute form, and it is this: have we seen a real shift away from the spirit as well as the practice of collective Cabinet government which is meant to underpin our system—it is the opening paragraphs of what is now the Ministerial Code and what used to be Questions of Procedure for Ministers which are dedicated to that—to something more prime ministerial? In fact, what we have had since May 1997 (and Tony Blair's people would say this privately, as do Gordon Brown's) is a Prime Minister's Department in all but name pretty well a fusing of the Cabinet Office and Number 10. But they treat Parliament, public and scholars as if we had not noticed. They behave as if they are Sherlock Holmes in *The Reigate Vampire*: "The Giant Rat of Sumatra, a story for which the world is not yet prepared, Watson." Do you remember that line? They really should come clean about it, and I hope that, as part of your inquiry, you will actually anatomise this directly, clearly and cleanly. I am not sure who you are getting as witnesses on this, but you really do need to get certain people who have been on the inside since 1997 in various forms to admit publicly to you what they

3 June 2009

Professor Peter Hennessy and Dr Tony Wright

will admit privately, because it is a big constitutional shift and it has got in the way of what I think is always a necessary separation in the Cabinet Office between classic Cabinet Office, the secretariats, the tradition of Lloyd George and Hankey running through, which serves the whole Cabinet and is the combination of co-ordinator and central thinker for collective Cabinet government; and around that citadel there have always been little encampments, little units, little fires, little temporary outfits, some better than others, some bigger than others, some more enduring than others. And the trouble is that we have managed to contaminate, to some degree, classic citadel Cabinet Office, which I think is indispensable to the proper functioning of Cabinet government, with these outliers and these outriders. The other question which I hope we will talk about, or that you will investigate, is the desirability, or otherwise, of having the heads of those Cabinet secretariats, classic citadel Cabinet Office secretariats, as hybrids, who are the Prime Minister's personal advisers as well as the heads of those secretariats. So that is my main concern, and that is also why I share Tony's pleasure and praise for your conducting this investigation and, given that we are surrounded by a high degree of political turbulence at the moment, the political class is in a state of tremendous displacement activity, that the serene but utterly important questions of the British Constitution should not be neglected in this hour.

Q3 Lord Lyell of Markyate: I quite understand what you have said. In a sense it sounded a little bit like the civil servant telling a minister he was brave, but it seems to me that one key constitutional duty of the Cabinet Office is it is the duty of government to govern according to law and it is the duty of the Cabinet Office to advise ministers, from the Prime Minister downwards, if they are going to break the law, and there are one or two examples. For example, Tony Blair's comments on the British Aerospace case were absolutely contrary to the legal obligations which he had taken this country into in relation to the OECD. Why did not the Cabinet Office flag it up, or did they? There is the misleading use of intelligence in Iraq. That is slightly murkier still. There is the arrest of Damien Green, who is arrested, unless there was some national security thing, for offences which were decriminalised by Douglas Hurd in 1989. Why did not the Cabinet Office know and flag it up? Is this not a central constitutional point?

Dr Wright: I hesitate to dissent in any way from Peter, whom I simply adore, but Peter is a great romantic and in some ways a traditionalist in these things. I think there is an issue here that you have to get hold of. Can I quote very briefly Andrew Turnbull, his valedictory speech when he left the office of Cabinet Secretary in 2005? He said this: "When Mr Blair

became Prime Minister in 1997, he found in the Cabinet Office the traditional secretariats responsible for managing and co-ordinating government business, a number of units responsible for propriety and ethics, plus an HR function still vested in administration rather than development. In Number 10 he found a small private office and a small communications function, but one dealing only with news and one with national media. The leader of a large organisation would expect to find far more than this at its centre. He was entitled to ask, 'Is that it?'" All I am saying to you is that I do not want to be on the side of the argument which says there is corruption of a traditional model going on here. I think there is a development model going on all the time, but there is a problem, which is what should the centre of government do and how should it be organised? What is this corporate centre in Britain? It is disaggregated amongst different institutions? The Cabinet Office is one player in it. Peter asked the question: should we clarify whether it has become the Prime Minister's Department? I remember John Prescott, in evidence to us, when it became the Office of the Deputy Prime Minister, saying that it had become the Prime Minister's Office. Of course, he had not really thought through what it meant, but I think there are questions about whether we need a Prime Minister's Office and what it would contain, what that would leave for a Cabinet Office to do as the collective arm of government. These are all questions that I think you have got to get your head around, which are different from just: there has been a corruption of traditional arrangements.

Q4 Lord Lyell of Markyate: I am sorry; you just have not answered the question, Tony.

Dr Wright: Well, I cannot tell you about these particular instances.

Q5 Lord Lyell of Markyate: Is it not part of the duty of the Cabinet Office to see that the government of the day is advised if it is likely to break the law?

Dr Wright: It is the job of the Cabinet Office and the Cabinet Secretary to see that government business is conducted properly, yes.

Professor Hennessy: If I may say so, the legal side should be the easy bit. The Government Legal Service has extremely good people and you have got Law Officers and the Lord Chancellor, and so on. That should be the straightforward bit. The trouble always comes in the informal constitution, the unwritten bits that used to be called, rather unkindly but accurately, the "good chap" theory of government—the good chaps knew where the lines were drawn and did not push it (the good chaps of both sexes, I hasten to say). Kenneth Pickthorn, a Member of this House a long time ago, 45 years ago now, said: "Procedure is all the constitution the poor

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Briton has.” Well, that has changed considerably, we have got much more constitutional legislation now, but it is those areas that Pickthorn had in mind that is the problem. The interpretation of whether the Ministerial Code has been breached or not is proper procedure. For example, if you have a destiny Prime Minister like Tony Blair, and Mrs Thatcher also in a similar way, they get very irritated by these fusspot constraints and they would say: “Romantic traditionalist, dyed-in-the-wool civil servants keep telling me why I cannot do this. Do they not realise the problems I am facing?” Proper procedure and care and due attention to it can irritate destiny politicians profoundly. The Jim Callaghans of this world, whom Lord Morris remembers, were much more attuned to a collective style, as was John Major. So a problem quite often arises from the temperament of the Prime Minister when he or she chafes against these unwritten constraints. For example, if you take the Intelligence question which you raised, the tradition of British Intelligence as it has developed (it is not written down) rests on a series of deals. Deal one is that the secret agencies and the Joint Intelligence Committee provide the picture, as they see it, with no holds barred. They put reality in front of their customers, and it is then the duty of the customers, ministers in the end, to decide what is done on the basis of that intelligence, and you avoid the contamination of both the KGB and the CIA doctoring it to it suit the known perceptions of the reader. That is a classic lesson of World War Two British intelligence, a pearl beyond price, I think. The other deal in British intelligence is that, because we are in an open society, you only use the secret agencies and their special methods for the last opaque 10% of things you really need to know about potentially dangerous people in countries that they spend a great deal of effort trying to conceal from you. Also, linked to all of that, anybody in that chain of provision of Intelligence must speak truth unto power, and they must spare them nothing, and they must flag it up, which is also the Joint Intelligence Committee tradition, when it is based on very little solid evidence. If there is ever any problem with that, as indeed there was on the road to Iraq, all those unspoken assumptions, which are not written down, that have made British Intelligence, per person, per pound of public money, far more effective than any other Intelligence system in the world, are jeopardised. So I agree with you entirely, but the problem arises in the unwritten bits. It should not arise where the law is the main determinant, but I accept that it does.

Q6 Lord Lyell of Markyate: In my few excursions into the Cabinet Office what I discovered was that there was a terrific lot of immediate ringing round on these legal problems. The Cabinet Office legal adviser

was on to Juliet Wheldon at the Attorney General’s Office and on to the Lord Chancellor’s department. It was very quick. It just does not seem to have been happening in the examples that I gave you, and I think the system is breaking down, but do you have a comment on that?

Professor Hennessy: It is always difficult to determine, particularly when it is a recent past, even when you have got the archive, if it is a question of people or system, because the private office network is an amazingly efficient network and has been for many years. It is amazing, is it not, how we had Prime Ministers that got through two world wars, the disposal of a British Empire, a 40-year confrontation with the Soviet Union and its allies, without feeling the need to have 70 special advisers around them in Number 10? It is not as if Mr Attlee, Mr Churchill, Harold Macmillan, Jim Callaghan or Harold Wilson felt deprived because they did not have an abundance of 25-year olds with political science degrees who knew the square root of bugger all about life around them. I am sorry; I have distracted the flow of the questions.

Dr Wright: There have been endless reviews, as you will have discovered, on the Cabinet Office over the years, and over recent years in particular, and we have had capability reviews of the Cabinet Office, all exploring its role and identifying the things that it is thought to be rather good at and the things that it is thought to be bad at. Actually, the things that it is thought to be good at are those things where it clearly does possess a body of central expertise that government needs, like propriety and ethics for example, and that is the example of where you just need something at the centre which, as it were, fertilises the whole of government. The things which it is less good at are to do with answering these questions about what actually is the underlying role and purpose of this organisation in a number of different ways, and that, I think, is an unresolved question that hangs in the air.

Q7 Lord Peston: This is all very big stuff. Could I bring the questioning down to my level? What staggers me, which I have mostly got from reading memoirs which are pouring out these days, is that the intervention of the Prime Minister, or his office, and related bodies in what goes on is mostly of the utmost triviality. It is obviously connected with spin-doctoring. Do you agree that we should not create this image of a central set of arrangements of very deep thinkers thinking fundamental questions when mostly they are asking questions like “How will this run in some newspaper or other”? Whether we want to spend public money on vast numbers of people to claim they understand that is beyond me, but I would certainly like your view. It would have been interesting to have been able to do a study of how

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most of these people that you are talking about actually occupy their day.

Professor Hennessy: It is very difficult to pick that up in the recent past, let alone through the archive, because it is on the telephone and the emails seem to get lost, do they not? The Hutton Inquiry and the Butler Inquiry showed how vulnerable we are going to be to the disappearance of government by email. You are absolutely right. Early on in the Blair years I used to do these six to nine-month surveys of the Blair style of government, because historians tend to tidy up a bit when things are over and they forget how they misled themselves and other people, a sort of snapshot, and I remember somebody who is still around, a bit battered but he is still there, saying the two most powerful words in Whitehall are “Tony wants”. The trouble is, people would say to me you do not know if Tony really wanted it because it is some special adviser saying “Tony wants”! It was very often: “how will this play on the *Today* Programme and *Newsnight*?”, and that is where the weather was made a lot of the time in the Blair Number 10, and now in the Brown Number 10, on the part of these—how can I put it?—they are not hybrids; it is the froth of it. It is not citadel Cabinet Office and it is not traditional Number 10, but that is the world they live in, and it does make the political weather, it uses up an enormous amount of nervous energy and it means that in the government departments, which are given functions by statute, secretaries of state should be big figures in their own right: a lot of the weaker ones, and there were a lot of weak ones, I am afraid, would not move without clearing it with Number 10 first, which very often meant a special adviser, which I think is a corruption of what our system of government should be, and, also, the permanent secretaries then had to agree with the Prime Minister their work plan for this year. It is like you and I, in the old days, dealing with a rather ropey research student, saying you have got certain deadlines; it is hopeless. Both permanent secretaries and secretaries of state are much, much diminished figures, and it has not led to good government, has it? But it comes back to being a human problem. If somehow New Labour created the most supine Cabinet since the war, which I think it did, particularly on the road to Iraq, how do you stiffen them? It is a Disraeli phrase—“an injection of water would have stiffened their backbones” a lot of the time, and it is a human problem. You can have all the ministerial codes you want and all the understandings about what proper procedure is, but if they do not breathe life into it and say to a Prime Minister: “Wait a minute, we did not know that. Have you had a meeting that we do not know about? Can we have a proper paper, please?” Do you remember that extraordinary bit in the Butler Report that top flight papers were prepared by the Overseas

and Defence Secretariat of the Cabinet Office on the road to Iraq but they were not circulated? One wonders why, and one wonders why the Cabinet ministers concerned did not ask for it. That is the problem in the end. It is both a human and a systems problem. You always have to try and recreate as a historian where the weather-makers are and who they are and the degree to which they crowd out other heavier duty questions.

Dr Wright: I do not dissent from a lot of that, but I would like to add to it, if I can. There is an issue about, I think, the number and role of the special adviser world in Number 10, and this has been well rehearsed in recent years, as to whether it is actually helping the Government to get a strategic focus and to keep departments up to the mark, and so on, or whether it simply interferes and gets across things and makes things more complicated. Sir Richard Mottram, who is always someone worth listening to, told our Committee a week or two ago that he thought that was a real issue in government at the moment, so it is worth looking at. The bit I would add to, though, is, please do not think that that is the only issue or that it is simply the negative thing that you want to focus on, because you also have to understand why it is that, not just this government, but all governments have wanted to try to strengthen the strategic role of the centre, right from Ted Heath and his Central Policy Review Staff and all that, and some of what has been going on is a response to an enduring issue in British Government and I think some of it is successful. Some of these units which float between the Cabinet Office and Number 10, I think, have done well; at least they have done well over periods. I think the Strategy Unit run by Geoff Mulgan was extremely valuable. Our Committee did a report on (we called it rather grandly) *Governing the Future*. We wanted to look at how well government actually did work preparing for the future. We went to Finland, which is supposed to be at the forefront of all this, and they said, “Oh, we think you are at the forefront in Britain. Your horizon scanning work and your Strategy Units are world leading”, and they did excellent work. The Delivery Unit under Michael Barber did excellent work trying to identify government priorities across the board and then chasing them with departments and having prime ministerial backing, which is the key thing to do. So it is a mixed picture.

Professor Hennessy: Could I agree with that, Lord Chairman? I think the great successes post 1997 in terms of the units were Geoff Mulgan’s Strategy Unit and Michael Barber’s Delivery Unit, and pre/post Barber we can see a big difference, for example, as indeed the Central Policy Review Staff was very good in some of its phases, but it was a resource for the whole Cabinet. Some of you around this table were customers for it at various times and Ted Heath and

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Burke Trend, the then Cabinet Secretary, worked it out so that it was a resource for the whole Cabinet, not just the Prime Minister. I think that is a key question too, because you do need to strengthen at certain times, and every Prime Minister should have the right to get the configuration that he or she wants, provided shortcuts are not taken and all the rest of it. The model I would go for is the Central Policy Review Staff in recent times plus the experience of the Mulgan Unit. And Geoff Mulgan spent a good deal of time working out how the Central Policy Review Staff had in fact worked, so there is a kind of continuity there, a passing on of tradition and knowledge. But I would back what Tony said wholeheartedly about the Mulgan Unit and the Barber Unit.

Q8 Lord Rodgers of Quarry Bank: Putting it in rather simple terms, how relevant is Cabinet Office to good government? There have been many changes, and we will be discussing later on who is mainly responsible for the changes. But can we say, going back not only over the 30 years but even further, that government is better as a result of changes in the Cabinet Office, in broad terms as between parties—government—in 2009 and government, say, 40 years ago? We talk about this, and so many members of the Cabinet Office are enthusiastic, and academics and others enjoy this, but what do you say?

Professor Hennessy: I have just been reading the papers again—and one of my research students, Rosaleen Hughes, is doing a thesis on this—the great crisis that you sat through, the 1976 IMF crisis, which was extraordinary at the time, as I remember it as a young journalist, but also, when I get the entrails of the papers (and we have got remarkable papers). Somebody had the wisdom to put in a big brown envelope the notes that John Hunt, the Cabinet Secretary, gave Jim Callaghan at various points in those nine crucial Cabinets that Lord Rodgers will remember, plus Jim's own notes of where the discussion was going. When you put that alongside the formal Cabinet minutes and Ken Stowe's Principal Private Secretary notes, a remarkable reconstruction is possible, which I am sure you would enjoy. But in those circumstances the tests of some of the systems are in tough times. John Hunt and his Secretariat, and indeed the Central Policy Review Staff under Ken Berrill, were pretty crucial to helping you get through. They were not absolutely the determinant, of course they were not, because it was a political matter and a human matter. But you can see in those files Cabinet government under real duress, as you remember it, over quite a sustained period, and I think without John Hunt and the strength of that tradition and those capabilities, you might well have found it harder to get through, but that is for you to judge.

Q9 Lord Rodgers of Quarry Bank: That is very specific. Looking at it in the round, that is what I am asking, not about a specific event or bits of history.

Professor Hennessy: It is like clean water. If a good Cabinet government goes, you only know when it has gone, and you regret it. It is a necessary but not a sufficient condition for good government. But if Cabinet government is not working, either because ministers are not living up to the requirements of the informal constitution and testing things out and requiring proper briefings, everything begins to suffer. But, of course, in many ways government is better. Lord Rayner's unit, which was another hybrid Prime Minister's Office, Cabinet Office number, I thought was very effective in the 1980s at improving the quality of public services, and, indeed, the public services and the customer care elements are much better. But that is a bit separate from the core old-fashioned requirement of Cabinet government, which is that at the apex of the political and the administrative systems you have due care and due process and, as the Ministerial Code says, there is proper discussion, at the apex or near it, in Cabinet committees of all serious matters that affect the country and where there is dissent within the Government and within the country. So, Lord Rodgers, I am concentrating on the Hankey/Lloyd George reform and the way it panned out through—proper minutes, proper agendas, which they did not have before 1916; and my argument would be it is very hard to do a rolling audit of the quality of government because circumstances change and people change. But without that central bit, that indispensable core working properly, you are in deep trouble, and I think the Butler Report showed that in technicolor.

Dr Wright: Your question is: have any of these changes made government work better? Of course, that is the mission statement of the Cabinet Office; that is its strap-line, making government work better, which is quite a formidable objective. You do need a bit of perspective, because I cannot remember the golden age when government was working beautifully. Indeed, if you go back 30 years, we were being told on all sides that our system of government was collapsing; that we were ungovernable; that there was overload; real meltdown was going on; that there was something systemically wrong with our system. But, of course, it was a combination of how we do things with external factors; so you have just got to keep a bit of perspective. All I would say is that the issue that Prime Ministers then knew about, Harold Wilson, Ted Heath, who we have spoken of, in a sense were grappling with the same thing, which is how you try to get some strategic direction to a government that is run on a departmental basis in facing an external environment. We have not got the answer to that. We have had lots of goes at it over the years; we

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have had some excellent attempts to analyse it. The best one, by the way, in case you are interested, I think, was done two years ago by Suma Chakrabarti, who is now the Permanent Secretary at the Department for International Development. He did a report for the Cabinet Secretary on the role of the Cabinet Office which is excellent, and it shows you, I think, a model of what a centre of government would properly do, but, ironically, of course, no sooner had he produced that than we had a new Prime Minister who went and changed the furniture again.

Q10 Chairman: Suma Chakrabarti is now at the Department of Justice.

Dr Wright: I am sorry; I got the wrong department.

Q11 Lord Morris of Aberavon: I found your answer fascinating and challenging. What do you think has been the most significant change in the operation of Cabinet since 1997? Has there been a loss of independence by individuals? You have mentioned Iraq and all that. We have all noticed the frenetic activity of recent Prime Ministers, either in travel or even latterly in odd telephone calls, but Harold Wilson used to say in his second period that he did not have much to do. His Cabinet ministers fed him with a ball and all he was was the centre forward scoring the goal, if he could, and that was quite a different tempo to that which perhaps the demands of today impose upon Prime Ministers?

Professor Hennessy: The world is different from when you were first a Minister. The 24-hour news media cycle, and all the rest of it, is always the obvious one to cite first. But, having said that, you do not have to succumb to it. You cannot go back to being my one political hero, Mr Attlee, and delivering two sentence replies with the Movietone cameras running. But would it not be wonderful if, somehow, somebody came through the political system that did that? You do not have to be dominated to the extent that we have been since 1997, and still are, whereby at the very earliest stage of policy formulation in a department, let alone before it gets to the Cabinet Office or full Cabinet or Cabinet committee, how it will play on *Today* or *Newsnight* is the question. And if you let the mania of the electronic media create the circumstances in which you operate, you have already begun to lose. It is government-by-incontinence really. They do not know how to ration themselves. The only time they ration themselves is when they have got *mens rea* (guilty knowledge)—they know they have done something wrong—and then you hear the Radio 4 sequences saying, “We tried to get X to come and speak, or a spokesman, but they would not”. But this kind of government by press neurosis and incontinence is very corrosive. It uses up a vast amount of nervous energy and it means that you feel the need to employ people who should

not actually be in Crown service either as temporary civil servants, special advisers, let alone established ones. You have actually lived through the change, I know you have, because of your career. But it was not that the problems were any less severe in some of the meetings through which you sat as a minister. There were extraordinarily tough times in the late 1960s/early 1970s. The 1970s was an immensely turbulent decade, and the 1980s was not exactly tranquil. I do not want to portray the Government in the way Rab Butler used to, as some kind of serene Rolls Royce—he was joking: he was quite good at jokes, was he not?—but you have got to have a kind of capacity to think and talk amongst yourselves privately without leaks, without a constant obsession with how it will play on the sequences on Radio 4, let alone *Newsnight*, so that you can think and you can talk candidly and you get the maximum out of the departments in terms of their stored knowledge on questions. The departments have been really very thinly used in recent years compared to the degree to which they used to be. Quite often Number 10 will have a Prime Minister making a speech where the crucial parts of it have not even been shown to the department concerned and it is written by some special adviser. The people we have to defend ourselves against first in this country are ourselves actually. We have a lot of clever and good people in Whitehall, a lot of stored wisdom in those departments and we do not actually so arrange matters that our Government is greater than the sum of its parts. The two and a half governing tribes, the permanent civil servants, the ministers, or transients, the half being the tribe of special advisers, live in this very scratchy and unsatisfactory relationship. And so the processes of government of which the Cabinet Office is meant to be the guarantor and the standard-setter are very, very diminished, and I think that is the big change from your time. It was not a golden age. I was a young journalist reporting in the Willie Whitelaw/Denis Healey generation—very different from this. To be unkind, which goes against my nature, this political generation now reminds me of Kitty Muggeridge’s immortal line about David Frost: “David is risen-without-trace.” This is the risen without trace generation. What have they done on the way to becoming secretaries of state? The square root of bugger all again! In the end, it is a human problem. I am mixing metaphors here and also wandering into areas where I should not, but you have got to look at both structures and cultures. I commend to you, Tony’s terrific lecture to the *Political Quarterly* three months ago, because he actually came in on this crucial question of the need always to see it as a mixture of a structural question and as a human question.

Q12 Chairman: To be fair to the Government *mens rea* surely means guilty intent, rather than guilt, does it not?

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Professor Hennessy: That fits too, does it not?

Dr Wright: I agree with so much of what Peter says. The crucial thing is to make sure that the structure that should work works. There needs to be a robust Cabinet system, it needs to do its business properly and all that, but, of course, the environment has changed. Your hero and mine, Clement Attlee, would not last five minutes today. I doubt that you could have a Macmillan who goes and reads Trollope in the afternoon. There is something about the relentless environment now, and although you can say, yes, you should not respond to it, and of course, you should not respond to it, the pressures to respond are enormous, because every newspaper is demanding that this day produces a new initiative in relation to the latest issue that has arisen and, of course, you get into this dreadful cycle; but the conclusion from that is not just to repeat the old verities but to be more strategic, to say, "Actually what is the underlying purpose of this Government?", and to stick with that purpose and not be blown off course by all this stuff that happens every day. That is what the centre should be helping you to do, and that is the bit that I would insert.

Q13 Lord Morris of Aberavon: Are they doing it?

Dr Wright: They have been struggling to do it, and some of it is bad, which is all the media management stuff, which is a reflection of some of this that we have been talking about. Insofar as there was an obsession with that, it was always going to end badly, and it did, but insofar as there was a real grappling with the issues of how we get some real cross-cutting stuff inside government, how we recognise that issues do not sit neatly inside departmental bunkers, some of the biggest issues now are essentially cross-government, finding machinery to deal with that, to progress-chase across government, to keep an eye on future issues, and so on. All that is the work of a good centre.

Professor Hennessy: I hope you will have a look, Lord Chairman, too at the state of the secretariats, because they are messy and overlapping now. There is the national security one, the foreign policy and defence one, the global issues one. It is very difficult even for somebody who is nerdy about it and as interested as I am to work out who is doing what. What I think we need, and I have suggested this to the Cabinet Secretary, for example, in the context of the National Security, International Relations and Development Cabinet committee, which is a very important one, it is a very good idea to have an equivalent to the National Security Council in the UK. The trouble is the big one does not meet, it goes down into its little groups, so there is no real change there. But there has been the beginnings of this, there has been a review, which you might want to see the product of, which is completed now, on the relationship of the Cabinet

Office to the secret agencies, for example. So one bit of it has been done. But I suggested to the Cabinet Secretary that he has a capability review of how all the inputs to that National Security, International Relations and Development Committee work from the first line of British defence, which is the SIS agents in the field and the people who run them, to the last line, which is *HMS Vanguard*, the Trident submarine which is out there in the North Atlantic as we speak, with politico-military diplomacy trade-aid soft power in between. This was Gordon Brown's great effort to try and meet some of these concerns and to do what Tony has quite rightly suggested needs doing, but I do not think it is working. His National Economic Council may be working rather better, because that meets all the time and they have got very good people helping them and it is the issue of the hour, apart from the frenzy relating to expenses, and so on, but it is very difficult. I agree with Tony exactly: all you can ever hope to do as a government, because the world is an unforgiving place and an unforeseeable place, is to work out four or five key things you want to do in a Parliament, or preferably two if you think you are going to have eight years, and stick to them. You cannot ring-fence everything, you certainly cannot in terms of public expenditure and all the rest of it. But you should stick to four or five things which preferably are interlocking and reinforce each other and it gives you a kind of ballast, a gyroscope as a government through the difficult times, and the Cabinet Office should be crucial to that; but, of course, the Prime Minister and the Cabinet have to set that for themselves. I remember, I re-read it the other day, Victor Rothschild, after the rather bruising experience of being head of the CPRS from 1971 to 1974, gave a lecture, and he said that new governments coming in should be forbidden to do anything for the first six months except listen and get briefings. Ministers can be allowed to do completely harmless things, like open new hospitals or visit the European Parliament, but new governments in the first six months do truly frightful things. I think there is a lot in that. I do not want to be unkind about the political class, but one of the key self-delusions of the political class is that they think that when they are put there with a mandate from the electorate, because it is them it is going to be different, the intractables are going to become the malleables. *Aux contraire:* every government after another that comes in with a particular majority and, particularly if you have a destiny politician who lacks self-irony like Tony Blair, you are in real trouble, and that is when old sweat civil servants, diplomats, spies, military will say, "Wait a minute. It is not that simple. Calm down". And I am not sure that is happening either, or will happen in a year's time.

Chairman: Lord Norton, perhaps the latest question and the last question that you had in mind it would be helpful to cover, because time will elapse, sadly, in a few minutes.

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Q14 Lord Norton of Louth: You have been explaining what has been happening, and in a way the starting point has to be what should be, which is what you have already alluded to. The Cabinet Office itself says its functions are to support the Prime Minister, to support the Cabinet and strengthen the Civil Service. How relevant are those? How appropriate are those? Do they bear any relationship to essentially what you have been explaining has happened over the past 30 years, and if there is that mismatch, that failure to relate to what you think they should be doing, what changes should be made?

Dr Wright: I mentioned the Chakrabarti Review, which I think is very helpful on this because he tries to separate out what he calls the core Cabinet Office functions from what he calls the added value functions. I am not going to go through them, but it is all done elegantly and set out, I think, in an extremely useful way. Some of the core things are things we have been talking about, and there are the additional things which it would be nice for a centre to do but are not absolutely indispensable and some of these things will change at different times, dependent upon how different departments are performing, and so on, but there is an incipient model there that is worth looking at. The problem is, I think, we have had a kind of stop and start arrangement with these endless units. If you went through the last 10 years and just drew up a list of all these different named units—I see you are smiling because someone has had to do it—it is utterly bewildering. I remember years ago, to our Committee, Michael Heseltine, who then was in the Cabinet Office (and we were having this discussion about what on earth he gets up to), described it memorably to me as a bran tub, and I think it has always been the bran tub of government—it is the sort of lucky dip section: everything gets tossed in but you are not really sure what you are going to find when you go there—but it was not doing what a collective centre should do. You have simply got to work out what you think Number 10 ought to be up to properly, or improperly, and what you think the collective centre in the Cabinet Office ought to be doing properly and improperly; that is, separating out clarity and then sticking to it.

Professor Hennessy: If with all the ancient power of this ancient House you could give me one reform for a new government, or this one re-elected, or whatever, I will tell you what it would be, what the big gap is right from the beginning of the last century. I have just been doing a study of horizon scanning, if we can call it that, in Whitehall since the Committee of Imperial Defence was formed in 1904, and there has always been a gap in terms of (Douglas Hurd's phrase about the think-tank) rubbing ministers' noses in reality. We have had a very good Joint Intelligence Committee system—I have already alluded to that—but what we need is to build on the

recent advances in horizon scanning and in the Cabinet Office to have a unit, no matter what you call it, that brings it all together, that spares ministers nothing about the state of the world. Richard Mottram, the former chairman of the Joint Intelligence Committee, said that if he had produced a paper on derivatives, it would not have gone down well, for example, because we do not do own-side intelligence. So with all that huge intelligence apparatus, which is vital, they did not pick up at all the signs of what was making the political weather, and still does and will do for the next 10 years. So that is what I would do. For example, you might want to inquire, my Lord Chairman, why it is that the Joint Intelligence Committee is now meeting only once a fortnight. The world to me has not become a noticeably easier place in the last three months. Why are they meeting only once a fortnight? I think you might actually ask them about that. They certainly have not announced it. People have tried to explain it to me, but I am not at all convinced that it is a good idea they should not; but that is the gap at the centre and, if I was David Cameron and part of these transition talks with the Cabinet Secretary, I would say, "I want you to prepare for day one a huge horizon scan that spares us nothing looking five, 10, 15, 20, if you can 30 years ahead of what we might be facing and give us an idea of the particularly malign combinations that would make real trouble for us that may be just foreseeable, as Braudel said, "the thin wisps of tomorrow that are just visible today". That is what I would do and that would be a classic Cabinet Office function and it would bring together all those strengths that it has in its different parts. So if you could wave your more powerful magic wand, Chairman, and give me one reform, that is what it would be.

Dr Wright: Can I add one very quick thing? That is excellent but the difficulty with it, I think, is that in a sense we have done it. That is what the Strategy Unit did; it produced some excellent broad forward-thinking: what is the future going to hold for us? What does this mean in policy terms? The problem is that it has nil impact on the day to day policy process and it gets ignored by departments because they are busy doing other things; the centre is overwhelmed by whatever the headline is today and Parliament is not interested in it. So, yes, Peter, do that but then do the next bit, which is to say what you do when the first storm comes along.

Q15 Lord Norton of Louth: If one was to encapsulate all in one word what it should be doing, surely the word is "co-ordination". But then what goes beyond that, because, if you have departmentalists and departmentalitis, where is the element of enforcement of ensuring the rig throughout Whitehall?

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Professor Hennessy: If you can produce knowledge of the kind that you do not routinely get as a result of this new approach to horizon-scanning, pulling it all together and all the rest of it, which is part of co-ordination and only that, and if, for example—and David Cameron has talked about a National Security Council—that National Security Council week in, week out met every Thursday at 10—because Cabinets do not meet on Thursdays any more—maybe for only half an hour, if the world is relatively serene, to get updates on that, this would feed into a National Security Council, the defence-of-the-realm-in-the-round and British interests and all the rest of it, not least domestic matters too that might impinge, I think that would be a reform. Because the reason the Hankey-Lloyd George reform endured was that it was a combination of process and meetings and back-up; that reform met Tony's requirements in 1916 and Lloyd George, who may have been dodgy but he was a genius—and one of your Members, Kenneth Morgan, said he was an artist in the use of power—knew that this was a first order question getting this right. He was in the middle of the most enormous crisis in a total war and yet he saw the question that you are addressing as a first order one and that is the first thing he did when he became war Prime Minister, set up a War Cabinet and a War Cabinet Secretariat, and it served the country extremely well; and it is the blob of DNA from which all the classic Cabinet Office functions, to which I have been referring, stem. So I think sparing your blushes—I always do this when I appear before Tony's Committee too—I say thank heavens you are interested in this and I hope that you will actually shove reality in the nose of power, if I can put it in a vulgar way, Lord Chairman.

Dr Wright: Your word "enforcement" I think raises a whole lot of different issues which I do not want to speak at length about, but just to say that that is a massively important issue. For example, when the Chakrabarti Review looked at the Cabinet Office and it tried to identify the context in which it operates, one of the things which it identified is this: what it called the constitutional reality—"Permanent secretaries have stronger lines of policy and management accountability to their Ministers than to the Cabinet Secretary and Head of the Civil Service." That is the context in which trying to do things at the centre rubs against the realities of how we do government and politics; so you are on to something rather big in talking about enforcement. That is why Civil Service reform has been endlessly around because it is quite difficult for a Cabinet Secretary charged with Civil Service reform to deliver reform across a very disaggregated system.

Chairman: We do not blush about our blushes, but a final question from Lord Shaw.

Q16 Lord Shaw of Northstead: How would you characterise the changes that have taken place in the Cabinet Office and indeed in central government

itself and what effect has that had on parliamentary accountability at the centre? Arising out of that, of course, what have been the reasons that you give for the changes that have taken place? Finally, if a Prime Minister is determined to perform as a President with a presidential style of government how could anybody stop him?

Professor Hennessy: Can I start with the last bit first because I think it is crucial? Cabinet Ministers are there to say, "Wait a minute." The only sprinkler system that the British system of government has—because for all the laws that we have there are no laws that cover proper conduct in the Cabinet room—if the Cabinet collectively or sufficient of them is not prepared to say, "Oh, come off it" or "Are you sure?" you cannot do anything about it. The press cannot be a substitute; the Houses of Parliament cannot be a substitute; the Civil Service cannot be a substitute. If the Downing Street 22 do not act as the sprinkler system on an over-mighty or potentially over-mighty Prime Minister nobody else can or will, and that is the first order human requirement on the Cabinet. Why I question this, it is very difficult for even a nerd like me who is interested in this, to produce the cartography of a changing scene; it is very, very difficult to keep up with it. Given that under the Blair style of government you had a kind of informal "Hello, you guys" system running in parallel to the formal one it was extremely difficult to do the cartography. I think that the current Prime Minister is almost impossible to fathom in all sorts of ways—a very, very interesting case of premiership. How he operates—we hear all sorts of things about tantrums and all the rest of it and we know how he operated in the Treasury, and we were always interested in the degree to which he would just run that across into Number 10. But you cannot really run a country with about eight key figures; you can just about get away with it but I do not think it was satisfactory in the Treasury; but also how he would deal with the stuff that flies in unexpectedly. Each Prime Minister, as Tony says, sees this as a problem—the weakness at the centre. If you had ex-Prime Ministers before you they would say, "What is all this about over might in my premiership? If you sit where we sat it does not look over-mighty to me. What instruments did I have?" They always see it in a different way, from a different perspective. I suppose the bit that is missing in all this cornucopia of change, this kaleidoscopic change that we have been discussing this morning, goes back to Walter Bagehot writing about a very different world in the 19th century—Sir Robert Peel—and he said: "The great genius of Sir Robert Peel as Prime Minister was he always kept a mind in reserve"—that was the phrase—so he had something in reserve to cope with the unforeseen, the difficult and the truly stretching. The problem, which I think lurks in your question and indeed in the territory we have been covering

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today is that they are worn out; it is not just the overload of the 1970s that we have talked about, they are absolutely worn out. They live off their nerves and they are much more tribal than they used to be. That is what I meant about the risen without trace generation; they have not got out enough, they had not been in professions long enough before they came into the House of Commons. It means that when things go wrong they talk to their own kind and they cannot listen, or do not want to listen to what is going on around them; they get immensely cut off. And for all the talk of the people and understanding people and endless focus groups and all the rest of it, I think the political class we have managed to create for ourselves is a severe problem. So I come back to where I began, that the human problem, which is extremely difficult for you to opine on or to write a report on, is absolutely central to everything you are doing, and unless—and heaven knows what we do about that—there is improvement there all the fine-tuning in the world, all the capability reviews in the world are not going to help that much. That is a cheerful thought on which to end, is it not, Chairman?

Q17 Chairman: I will ask Dr Wright whether he thinks there is any such thing as a political class.

Dr Wright: I do. I was going to rattle off a few bad things with which you will probably agree: too many laws, too many ministers, too much frenetic activity of a purposeless kind inside government, too much responsiveness to an environment that is pushing in all the time, and the rise of a political class which has been referred to, which I think is a real issue. Career politicians are the people who have known nothing but politics, who are dependent upon the system; the enfeeblement of Parliament is part of the story. There is a whole agenda of stuff there that we have to get hold of. Could I just give you one positive thing, though? I see my role in life as being Peter's representative on earth! He badgered me years ago on the basis that the key bit of the centre, which is Number 10, the Prime Minister, is not directly accountable to Parliament. Yes you have parliamentary questions, but unlike other ministers there is no Select Committee on the Prime Minister; he does not have to come and answer to a Committee of Parliament. Peter kept on at me about this and I in turn kept on at the Prime Minister of the day about it, saying, "Could you not come as part of the accountability of the centre to come and give evidence to a Select Committee?" And I thought we had him because we tried to find something for which uniquely the Prime Minister was responsible, and that was the annual report that the government had produced at the time, which was the Prime Minister's document, a cross government document. We had a series of exchanges and I thought "we have actually

pinned him down here; he cannot wriggle out of this". I had been told that it was constitutionally impossible and then I thought we were getting there; then they abolished the annual report so that we could not do it. But we returned to it through the Liaison Committee and Tony Blair finally announced that he was going to appear twice a year before the Liaison Committee and of course that has now I think become a constitutional feature and that, in its own small way, is quite a constitutional breakthrough because it will never be altered—it will only be improved upon. So you have to capture your gains where you can find them and bottle them.

Q18 Lord Peston: Just to give us a perspective, Peter, if I could take you back to the late 1970s you may remember that Jim Callaghan made a speech, I think written by Peter Jay, which essentially espoused what I would call naïve monetarism. The important point, upon which I would like your view, is that none of us knew that speech was going to be made, so how the Cabinet could possibly have said, "That is nonsense" I do not know because the speech was just made. But more to the point, since I was advising at the Department of Prices, I pointed out immediately that if monetarism is true we do not need an incomes policy because the monetarists say the economy works perfectly, so we would have had no winter of discontent and no Mrs Thatcher; and equally we did not need the Department of Prices where I was earning a living. So there is nothing new about Prime Ministers pre-empting things by saying things and no one can do anything else about it.

Professor Hennessy: There is a lot in that. Also, Tom McNally wrote the bulk of that speech but the key paragraph was Peter Jay's, and it led Denis Healey, who was very cross, was he not, to say that one rule in political life is never get your son-in-law to write speeches for you—I remember Denis saying that. But to be fair to Jim, of course on certain things he was very prime ministerial, not least on nuclear weapons policy, which did not come to even a formal Cabinet committee. But in severe crisis he practised classic Cabinet government. You could argue—some would do—that he had no alternative, given the difference of views in that Cabinet in November 1976, as you and Lord Rodgers remember only too well. But to Jim's great credit it was collective, as Lord Morris remembers too—it was genuinely collective. But Jim, like all Prime Ministers, operated twin-track. But the problem after 1997 is that it was not really twin-track, Cabinet became the recipient of presentations, and I remember a senior official saying to me that presentations are never an analysis. That is the problem. Jim had been around the block a lot and he knew how to operate. Just as he used his Policy Unit for certain things and the Central Policy Review Staff

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for others and the career Civil Service for others. Jim was a grown up about all these things. But I do take your point and that will be remembered at Blackpool, that paragraph, for as long as Jim is remembered—absolutely.

Dr Wright: There is a moment at the beginning of the Blair government, told in Andrew Rawnsley's book—and I think everyone assumes that it is true—where Tony Blair and Gordon Brown meet on the sofa in the presence of Robin Butler to announce what they are going to do about monetary policy and the Bank of England and Robin Butler says, “But you cannot do that without telling the Cabinet; this is huge stuff, you cannot do it”, and they said it would be all right. And of course “it will be all right” went on being all right for a lot of other things as well.

And, as Peter said, we paid a terrible price for that around Iraq because Cabinet government failed us. Cabinet government is not the whole story—we need to do all the things that we have been talking about—but it is a *sine qua non* of decent government in this country that you have to have a robust government full of big people in their own right. The only consolation is the very moment when Cabinet government is announced as having disappeared it tends to reappear, and I suspect that we are probably at a moment of imminent re-emergence.

Chairman: Dr Wright and Professor Hennessy, can I thank you most warmly on behalf of the Committee for joining us this morning and for the fascinating evidence which you have given us; thank you very much indeed.

Examination of Witnesses

Witnesses: MR PETER RIDDELL, Chief Political Commentator, *The Times* and MR SIMON JENKINS, Columnist, *The Guardian*, examined.

Q19 Chairman: Welcome to the Committee and thank you very much indeed for joining us. We are being recorded so we would be most grateful—as if it was necessary—if you would formally identify yourselves for the record.

Mr Jenkins: I am Simon Jenkins of *The Guardian*.

Mr Riddell: I am Peter Riddell of *The Times* and I am also a Senior Fellow at the Institute for Government two days a week.

Q20 Chairman: Could I begin by asking which constitutional issues of a key nature should animate our inquiry into the role of the Cabinet Office and the centre of government?

Mr Jenkins: There are dozens, I should have said. One of the ones that I find most interesting—and it arose out of what I was listening to just now—is the concept of the separation of powers; and the particular separation of power notionally in the constitution to which your questions have been addressed is that between what might be called the political establishment and the Civil Service. The Civil Service, when I studied this subject, was an estate of the realm in a modern sense—it was an important component of separation of powers. You had institutional advice to the Cabinet through a profession, which had its own security, its own hierarchy and its own independence of spirit and it was speaking truth to power. I think that in so far as you are fascinated by how things have changed and—in brackets—gone wrong, I think that the erosion of that particular separation of power is an important component of it. Related to that, keeping my answer brief, is the extent to which—and I fall back here on the great Professor Parkinson—you become obsessed with structures, you become obsessed with processes

and names and all these things, and it is very difficult to articulate the truth of the matter, which is that really good people in leadership positions are worth a thousand unit structures and procedures; and you cannot really articulate that—you just know that this particular department is not working and so you institute five, six, seven units to make it work or you institute a Cabinet Office shadow for it to make it work. The whole thing would have been solved with one good minister and one good Permanent Secretary. I think that the difficulty of holding inquiries into things is that you cannot really—what I see it as—tell the truth.

Mr Riddell: I am always aware of constitutional issues in so far as one is talking about political practices at a particular time, which it often is, looking back at my experience as a journalist and an observer of these things over 30-odd years. There is not a determining straight line; there is an enormous variability depending on the personality of the Prime Minister and so on. Taking on Simon's point, one of the problems I think in defining the Cabinet Office is that it tries to meet two different objectives: one, the desire, as your previous witnesses Peter Hennessy and Tony Wright said, for a stronger centre from Prime Ministers, but at the same time it has been the Cabinet Secretary's department, and ever since the Head of the Home Civil Service was a single person rather than split with the Permanent Secretary and the Treasury it has been the Cabinet Secretary who is head of the Home Civil Service. I think a lot of the problems in looking at the Cabinet Office are in relation to that dual role: how much it is actually providing back-up for a Prime Minister—the Prime Minister's Department in all but name, and how much is it actually the Cabinet Secretary's

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department for running the Civil Service. I think that has produced a lot of tensions, a lot of confusion and I agree with Simon that through all the structural changes, which are complicated, as any attempt to look at the website of the Cabinet Office underlines, it is that confusion that lies at the heart of it. It has also resulted—I do not know if it was a point made earlier—in a terribly confusing position for ministers who are nominally of the Cabinet Office; and I am not talking about the Lord Privy Seal and the Lord President of the Council who may be attached there temporarily, but I am talking about those that are put in Cabinet Office roles because there is that confusion about what the office is.

Q21 Lord Norton of Louth: In trying to make some sense of the Cabinet Office itself and what it does, picking up on what you have just said, it claims that it has a role in supporting the Prime Minister, supporting the Cabinet and then strengthening the Civil Service. To what extent is that the appropriate role for the body and does it actually bear a relationship to what it has been doing over the past three decades?

Mr Jenkins: My understanding of it—and I particularly studied it under Thatcher—is it sprang into being basically because of perceived deficiencies in the classical model. The most terrifying event I have attended in that model—since the British Government throws up terrifying events—was Michael Barber of the Delivery Unit, who was making a presentation with Tony Blair of what I can only describe as the new style of government, and it was the reduction to absurdity of mechanistic target-driven quantifiable government. It went on for about an hour and a half and Barber had lots of slides and power points and so on, and every single area of policy had been reduced to a series of numbers. I remember thinking to myself this is wonderful, all-singing, all dancing quantifiable government—it must be disastrous. Utterly disempowering of departments and disempowering of permanent secretaries, disempowering of ministers; it was literally as if Dickens had reduced all the tears of the world to a smear on a slate. I think my response was right; it has been disastrous, target-driven government; but it is the reduction to absurdity of Cabinet Office government and I would abolish the lot. I should do away with it.

Q22 Chairman: Abolish what?

Mr Riddell: The Cabinet Office.

Q23 Chairman: Abolish the Cabinet Office.

Mr Jenkins: You need, as Peter says, any Prime Minister needs aides who cover topics; he needs a second opinion, he needs another conduit, he needs his or her flank to be covered against the press and so

on. But to have an institution in government which shadows the effective Delivery Unit, which is a department, is a recipe for indecision in the end.

Mr Riddell: Can I just pursue that? If you look at the careers of your fellow peers, who no doubt you will have as witnesses later on—if you look at Lord Butler, Lord Wilson and Lord Turnbull's careers, they have all tried to balance being the head of reform and being chief constitutional adviser, trouble shooter for Prime Ministers. And within their actual personal careers they have exemplified a lot of the conflicts we are talking about. At the same time as Prime Ministers have got themselves up with stronger teams of political teams around them—(the numbers do not really matter but it is more the positions they are in) which has happened steadily under Prime Ministers (this is not a party point in any sense at all) of both parties; and at the same time the traditional role of the Cabinet Secretary has been the chief adviser, the wise man to talk to the Prime Minister. But that is now increasingly combined with head of delivery. I think if you talk to Lord Turnbull, for example, he actually did a manifesto before he got the job. When he took over from Lord Wilson he did a manifesto and he saw himself as chief deliverer of public service reform—he said as much in speeches—much more than being the chief collective adviser and back-up to the Prime Minister in the more traditional role. I think those personal stories actually exemplify exactly the points made. My own feeling is that there is a conflict between the reform side—the point Simon makes as is seen in Michael Barber, which interestingly enough has now largely moved over to the Treasury, and logically it should have been anyway—and the collective advice, the secretariat role and all that (and we will put the intelligence to one side of that because I think it is a special case) but I think there is a conflict there and that weakens the role of the Cabinet Office, produces suspicion over it and so on. I think there is that tension which successive Cabinets and the Secretaries find it very difficult to bridge; they either veer one side or the other side and often it does not end terribly satisfactorily.

Q24 Lord Norton of Louth: So of those roles that need to be fulfilled your point is that they need disaggregating among different bodies?

Mr Jenkins: I am not here to champion Margaret Thatcher's style of government, which was entirely intuitive and unsystematic, unformed and often chaotic, but she did have a profound belief in simplicity and I do think, whether you agree with her or not, she was effective, and I think the key to that effectiveness was an absence of clutter at the centre. Look at American government: they must have more brilliant minds devoted to making decisions in federal government that you could ever want to see,

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and it is chaotic. Rumsfeld's famous list of my enemies: Saddam Hussein number one, number two the State Department, number three the chiefs of staff—and this is the Secretary of Defence talking. American government is chaotic; it is not chaotic because it does not have good people, it is chaotic because of the structures put in place to take decisions simply overlap each other all the time. I do think that when Thatcher came to power she just simply cleared out the lot—my political advisers are my Cabinet. They were not in any sense at the time, but she established a clear command line straight through the classical Civil Service and it did what she wanted, eventually.

Mr Riddell: Could I add to this? If you look at the last capability review for the Cabinet Office, it is very interesting, it lists the six departmental objectives. One of them is to improve outcomes for the most excluded people in society; enable—whatever that may mean—a thriving third sector. What they have to do with the Cabinet Office I do not have a clue; they have just been parked there because they cannot be parked anywhere else and I think that is one of the problems. You can say yes, there are some absolute functions—the Secretariat function, obviously the intelligence area, which can be put on its own—but some of them are to do with the Civil Service reform; and you also have high standards of propriety, integrity and governance in public life, and I suppose that has to go there rather than anywhere else. But certainly a lot of the other things added on do not strike me as there and they undermine the operation of the Cabinet Office, and, particularly in the person of the Cabinet Secretary, produce a conflict which seldom works out. So this actually means that he has been doing the two or three different jobs when he should be focusing on one, providing the strategic back-up for the Prime Minister.

Q25 Lord Lyell of Markyate: I think you are both putting your fingers on it, in fact, with the word “simplicity”. It is the duty of the Prime Minister to have a strategy, aided by the Cabinet, and it is the duty of the Civil Service to put it into effect. The Cabinet Office is there really to provide an effective link between the Prime Minister and the Civil Service and that, I feel, has broken down or is seriously weakened. Some of the other points that you have put up, for example high standards in public life, which Peter Riddell has just mentioned, that is absolutely the duty of the civil servants to keep reminding ministers of—obedience to the law. The amazing things that Tony Blair did, like the British Aerospace case, suddenly coming out and saying all the things that we had agreed with the OECD could not be counted at all. He should have been warned. Why has it broken down? I would not abolish the Cabinet Office because I think it is essential; it is the

great link between departments and the Prime Minister.

Mr Jenkins: Historically speaking it serviced the Cabinet, with the Cabinet Secretariat and as such it took decisions of Cabinet and Cabinet committees and implemented them through departments; so its function was clerical and that seemed to me to be the proper way of operating. The way things accreted to it, and they always accrete in the centre—I am an obsessional localist and anti centralist, so you are going to get one litany out of me—it should not be there. You need clerks to Cabinet committees and they should, as you say, make absolutely sure that when a committee makes a decision on legal implications or Treasury implications the Treasury or the Solicitor General or the Attorney General's department are brought into play. That is a clerical function. What has developed is this parking lot for units that respond to policy initiatives largely driven, as Peter was saying earlier, by the press, and it is just not true that you cannot escape the 24/7 news—frankly Thatcher did; she did not read the newspapers, she did not give a damn about the newspapers. To a certain extent when Blair came in—when Major came in really—the change was absolute; suddenly my profession set the agenda, and it did set the agenda by the way in which it managed the news to require Downing Street to respond and from that moment onwards the central capability was devoted to that requirement of Downing Street to respond to the news. Inevitably a department which is institutional, continuous, responsible and accountable downwards was out of the loop, and from that moment on the Cabinet Office exploded in size. I am just saying get rid of it.

Mr Riddell: Could I add one point? The unspoken word—and it is unusual that that word has not come from Simon's lips in the last quarter of an hour—is the Treasury because in a sense the argument for a lot of the functions at least somewhere is a counterpoint to the Treasury because you can say why do you not put Civil Service reform in the Treasury and of course historically you can go back pre-the Fulton Report and so on and see where the direction was because successive Prime Ministers wanted a counterbalance to an all-powerful Treasury. Lord Peston had plenty of experience of that in the late 1970s. That is one of the problems. I am always saying does one want to recreate a Civil Service department of some function to take away the Civil Service reform, leaving a much leaner, narrower Cabinet Office to perform on the narrow functions it has to perform, but accepting a lot of what comes under the delivery area elsewhere? And I think that would produce much more effective government. Could I add a corollary, which is something of which a number of people around this table have experience, which is of ministers in the Cabinet Office? There you have experienced yourself

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when Michael Heseltine was appointed—he was appointed so that he could be Deputy Prime Minister—there was a very uneven and unhappy experience of Cabinet ministers being made responsible, sometimes as Chancellor of the Duchy as a sinecure title, put in the Cabinet Office and it was never quite clear what they were going to do, apart from appear on the *Today* programme, and was the minister for the *Today* programme. But their actual ministerial responsibilities within the department have never been satisfactory. It is absolutely clear from civil servants I have known and who have worked in the Cabinet Office that they regard ministers there as a slightly awkward embarrassment because they do not know what they have to do; so now that the third sector has been there it is a great help because it gives them plenty of voluntary groups to go around and make speeches to, and that is essentially what they do; or give rather ill-informed pep talks to civil servants and slightly embarrassingly so. But there is not a proper function for ministers there unless there is a top one who is basically the adviser to the Prime Minister. So you have a very messy structure—and do not ignore the ministerial side when you look at the Civil Service side of it.

Q26 Lord Rodgers of Quarry Bank: Focusing, as we have been, on the relationship between the Cabinet Office and departments, we have a lot of paperwork now in seminars and in having this Committee and I wonder, nevertheless, what is the weight, the momentum over time? I mean, for example, that we take it for granted that it is the role of the Cabinet that is crucial. Secondly, which was an interesting point made by Lord Morris earlier, that if you compare between one Wilson government between one 1964 to 1970 and another 1974 to 1976—partly because we had a much more experienced Cabinet in the second period. The question that I am asking is what does the effect of the weight and experience of the Cabinet members have on that relationship? Then, thirdly, what about the role of the Cabinet Secretary himself? Do they have any relations with the Cabinet? Finally, if I may wrap it all up by saying, looking back over 30 years or more do you think that the role of the Cabinet Office has made for better government?

Mr Riddell: If I take up the points of how things changed during governments and then you make a comparison between 1964-1970 and then 1974-1976, and the changes there that by and large most of the 1974-1976 government had been in either as members of the Cabinet or senior ministers of state and very experienced, which of course is a pattern broken in the last 30 years when we have only had one change of government since 1979. I was very struck, as a personal anecdote, talking to a member of Tony Blair's Cabinet in his last 18 months and I said, "How

have Cabinet meetings changed?" and he said that, "Obviously Iraq made a big difference and the shock effect of that and the Government getting into trouble, but the most important difference is that we are all more experienced now. We all have our ambitions which will outlast when Tony Blair steps down as Prime Minister, but the key point is we are all more experienced", and that factor has if anything changed back to a more collective structure and a greater desire to have their say when initially they were cowed on that. I think that is very important. On the other point about Cabinet Secretaries, I think the accretion of the Civil Service reform and all that side of it has changed the role of Cabinet Secretaries along with the number of political advisers within Downing Street—not necessarily numbers, they are significant rather than numbers because there are not that many. You no doubt will hear from Lords Butler, Wilson and Turnbull and they would have, I think, a less direct relationship on the big strategic decisions on the whole—with Tony Blair in all their cases—than would have been true, say, of Norman Brook and Trend and Hunt because around Tony Blair there was Jonathan Powell, Alastair Campbell and others as well as quite powerful special advisers on the policy side. Certainly my impression is that the Cabinet Secretaries found themselves less as a key co-ordinator of policy advice than their predecessors were and much more personnel heads of the Civil Service and in charge of delivery and delivery co-ordination with all the unsatisfactory things that implies.

Mr Jenkins: I agree strongly with what Peter said. I just make one point, firstly about a Cabinet Secretary. He was traditionally the servant of the Cabinet in the literal sense—he was the Secretary of the Cabinet, and in my belief in simplicity it was wonderfully simple. The Cabinet Secretary in a sense under Blair was Alastair Campbell, and he was in a sense the deliverer of the thoughts of the day, and I always thought that it was quite unfair to accuse him of using the power of government to bully the press—he used the power of the press to bully government. That is a crucial distinction because the central arm of government, as everybody who dealt with it throughout Blair's time—and it was true of late Major and of early Brown, if we can call it early Brown—is that you have a wholly different sort of government if the power of the press is being used to bully it. And from that moment onwards you have initiative and decision ushering down from Downing Street and everybody else having to dance to that tune with this cascade of initiatives and units and so on and so forth. Where I think the past is a good guide to the present—I have not mentioned the future is in saying (and this gets back to the question) "is it really better now or is it worse?" Almost all public administration is delivered locally; that is where I

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start. If you go and sit, as I sat about 10 years ago, in a chief executive's office of an authority and he is sitting there with his head in his hands saying, "Do you realise every single hour of every day I spend at work could be spent sitting in the presence of government inspectors coming to monitor what I am doing—every single hour—and I am getting complaints all the time from Whitehall that I have not seen their inspectors?" Frequently it was three or four people on education, three or four people on roads, three or four people on planning—it was chaos. It is not well done. I think British Government now is worse than most of the administrations I have studied elsewhere in Europe—it is just worse. It is certainly more expensive than it used to be—inevitably that extra expense is delivering some better outcomes, there is no point in denying that, particularly in health and up to a point in education. But the actual structure of the administration is, in my view, worse. It is not simple any more and as a result it de-motivates people and it makes public service an often demoralising profession; and, coming back to the very start, the people who are running it do not feel any more that they are exercising professional independence, professional discretion, professional judgment—they are dancing to the tune of Downing Street, right at the very top, and the Cabinet Office is an agency of that. That is why I just plead for simplicity. My last point was Michael Edwards, when he went into British Leyland, as it then was, he simply could not believe that there were whole office blocks designing cars that were never going to be produced and he could not work out why that should be, and the answer was that no one had the word in effect to discontinue any institution with the governance of that corporation. He could not do it either; the only way he could do it was to sell office blocks. He sold office blocks with people in them and said, "I do not want to see any of the people in those office blocks again". Slimming down centralised bureaucracies is near impossible, unlike the National Trust; it is very, very difficult to do. Thatcher did not do it; no Prime Minister has ever done it, and the reason is, as Peter said, every single day you do not feel very powerful you do feel in need of help and help comes from appointing new people to central government.

Q27 Lord Peston: Peter, you did emphasise the importance of experience and of course at the start of this Government we had a government of people with no experience whatsoever, so in a sense they were in great difficulty when they started. Then they went for this means end model and you mentioned power points. My general view is that if you can set it out on a power point you cannot be saying anything because the essence of almost all decision-making that is significant is that it is very hard to explain what you

are doing, and with a word like judgment you say, "X has good judgment" and you say, "What do you mean?" and it is not clear what you mean but you think you are saying something, certainly. So is that not the kind of problem that we have had all along, that we have a very sound base model, invented by economists of a means end model with regulation and looking at outcomes, whereas people like Peter Hennessy say that what we really need is to have good people and show them real respect and let them get on with the job?

Mr Jenkins: Yes.

Mr Riddell: Can I give you an example because I think there is a difference in co-ordination and over-centralisation. A project that I am involved in with my Institute for Government hat on, which takes on work done by your special adviser, David Richards, on transitions that he did very recently; he did a very interesting paper on it and we are doing a project on transitions, which I am doing myself, which goes back historically and also looking at the current position when David Richards focused strictly on the last transition. Under the convention, contacts when they started—and they started in January—between Opposition spokesmen and permanent secretaries, the button was pressed. Every single contact between a Permanent Secretary and Opposition spokesman has to be reported back to the machinery of government people in the Cabinet Office. The effect of this is actually to inhibit contact, so previously Opposition spokesmen were having informal contact with the agencies and the most important point there is that we have such a proliferation of agencies running live parts of government. So they would have meetings with people heading agencies. Now if anyone gets a whiff of, say, an Opposition spokesman in one area discussing with an agency they are ticked off because it has not been reported back in a note from the Permanent Secretary of the department to the Cabinet Office, which keeps a log on it. Theoretically there is someone in David Cameron's office at present who is keeping a log of contacts between Opposition spokesmen and Whitehall departments, which is exactly matched over in the Cabinet Office in 70 Whitehall, which is actually restricting the ability of perfectly sensible exchange of views—and the more exchange of views we have before an election the better, in my view, which is the essence of the project I am working on. But the structure of the formal rules which are administered by the Cabinet Office is actually reducing the quality and the quantity of discussion and it strikes me that that is exactly one of the problems of the tension between co-ordination and over-centralisation, being terribly restrictive. It is a classic illustration of that where also the Cabinet Office has a function in the sense of policing, which can inhibit and second guessing what permanent secretaries do. Historically,

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fortunately, the more independent-minded permanent secretaries in the past almost totally disregarded this advice and in the report, which I am producing in a couple of months' time, we have some wonderful examples.

Q28 Chairman: Which report is that, Peter?

Mr Riddell: That will be for the Institute for Government and we will have a draft very soon which I would be very happy to share with you. Some of the aspects to it are very relevant to looking at the role of the Cabinet Office. I have talked to a lot of permanent secretaries in doing this study and they say, "We got this advice from the current Secretaries at the time, and we tended to bend it because that is the only sensible way to behave".

Q29 Lord Morris of Aberavon: I think you have covered some of the ground already but I want to concentrate for the moment, to try to simplify it, on the changing nature of the relationship of Cabinet Office and the other two co-ordinating bodies, the Treasury in particular and Number 10. Is there any simple formula to describe that relationship? Is it changing? Has it changed since 1997? Secondly, has the Cabinet Office any role in monitoring different departments and ministers for their effectiveness? In my time we had senior ministers removed because they were in the wrong job. I am going back some years, but is there a role there for Cabinet Office?

Mr Jenkins: There are a number of questions there. I am very reluctant to paraphrase Peter Hennessy—I spend much of my life doing that—I am sure he would say that things are more the same than they are different over time. Going back to the Treasury, you have to have a Treasury—you do not have to have a Cabinet Office—so let us start from that position. The Cabinet Office is the answer to the wrong question. What is wrong with departments as Delivery Units for policy? Let us look at the departments. Do not set up another department to second-guess them. But I repeat, you have to have a Treasury—every country has a Treasury—and the better run it is probably will reflect the better that Treasury is. But you have to have the very clear line, I believe, from the Treasury, which is an alternative estate of the realm, to Number 10 Downing Street, and the tension should be between those two institutions, and from the Treasury down through the departments, and from the departments out into public administration generally. The casualties—I remember Michael Barber said to me personally, "The one institution you do not need in British Government is the departments—just do away with them; you just need me and the Treasury and regional government" or whatever it was that was the latest fad. And there is something in that. If you could get all the departments down to units of the Cabinet

Office you have a clear model again. But where I think it breaks down is in what might be called the classic structure of the department. Coming back to Lord Peston's question, somebody comes in who is not very good because they are just not very good; they have not been in the business long, they are new, they have ideas, they are bubbling with ideas, they are that great thing, the Secretary of State in the Cabinet, the crucial person is the Permanent Secretary—and I come back to this all the time. The Permanent Secretary is the voice of continuity, the voice of plausibility, the voice of delivery. It is the Permanent Secretary with the department who can say to an eager minister, "You have 10 things that you want to do and you can probably do two or three of them in your two or three years; let us work at that". It is hopeless if meanwhile there are five or six shadowing units in the Cabinet Office badgering away at them every hour of the day while the Treasury is doing its usual dirty work. So I come back to simplicity all the time. Just on the question about the Cabinet Office itself, as I understand it—and Peter will correct me—there are two functions of the Cabinet Office. One is to handle the clutter of central government, which has to be handled in transitions—Civil Service pay and conditions, looking after foreign this, that and the other—these are the functions that have to be performed in some sense or another within the aura of Downing Street. And I think there is a quite different function, which is second-guessing government departments and it is that second function which I think has been so deleterious over the past 10 years.

Mr Riddell: Can I pursue that? Looking at capability reviews, if I might commend as a possible witness to you Sir Ian Magee, who was involved in the capability review of the Cabinet Office and is another senior Fellow of the Institute for Government now, who I know has very interesting views on that subject. But if you look at the capability reviews, not just on the Cabinet Office itself which I think underlines the confusion about which Simon has been talking, but the whole concept of the Cabinet Office instituting these reviews, and there are virtues in it. It probably has improved the quality of top financial management and personnel management in departments because it identified their gaps. The trouble is, when you read the reviews—and I remember when the first lot came out I was talking to someone in the Cabinet Office, senior up, and I said, "It is all very well but the one at the Home Office does not really reflect the fact of the arrival of John Reid and the brutal departure of Charles Clarke, and you rather leave out a big part of the story", and he said, "Come off it, we cannot possibly write about ministers". It is the whole complexity of the Civil Service-minister relationship, that when you have the Cabinet Office operating as the second-guesser of

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other departments it has to do it in such a restricted role that it cannot deal with the politicians. But in practice privately, because that is what happens—permanent secretaries talk to the Cabinet Secretary and the Cabinet Secretary, if he is respected by the Prime Minister, he will feed in the view that X minister is not very efficient, or Y, and he does have an effect in reshuffles and so on, without the sort of dramas we are currently experiencing, which are of a wholly exceptional character. But there is that sense that the Cabinet Office is acting as a check but it is a very unsatisfactory one and when they parade the capability reviews what I do think you should look at is that role: are they the proper people to do it? I think there are some positive results from it but there are also some, by leaving out the political role, which undermine the whole process.

Q30 Lord Morris of Aberavon: Which, in your view, is the most powerful in monitoring departments, second-guessing—is it the Treasury or the Cabinet Office? The Treasury have been second-guessing from time immemorial and they are quite good about second-guessing small things like 70 mph and safety belts, but when it comes to millions of pounds on a new weapons system in the Ministry of Defence they can hardly scratch what is being done there. Is that a wrong impression, or not?

Mr Jenkins: I think defence is quite interesting because defence around the world is in effect a self-standing function of government, which simply sends bills to the Treasury with menaces. I think, to be fair, that the Treasury probably exercises more control than most Treasuries around the world have exercised over defence spending and it has been forcing it down steadily since the end of the Cold War. That said, you are right, it is by far the most spendthrift department and it appears to be the most out of control department—it is just not as out of control as other defence forces tend to be. I am more interested in what happens to functions performed locally—health, education, transport and so on—where because you have had the centralisation and financial control through the Treasury (and I cannot see any alternative to that) they are raising the money and they are spending the money and everything else is in the sense of fruitcake time and this is about real money. But it has been very interesting I think to see since the mid-1980s when ruthless central control of local finance came in that actually in the first place local finance stopped rising slower in central government finance, which had happened when it was under the local finance committees, which were better disciplines than the Treasury actually, and you have actually had the removal of that crucial relationship between a local finance committee and its ratepayers, which at least in Tory authorities worked, and it has been supplanted by spending up

to statutory spending assessment. That, more than anything else, has produced expansions in public expenditure and I just think that unless you get right back to allowing local authorities to raise their own money and spend their own money under equalisation provisions then you are never going to get proper control of the expenditure.

Mr Riddell: Can I take the answer in a different way? I think one of the problems—and I know you are looking at the Cabinet Office but the Treasury is relevant to this—is that the Treasury has now become a major spending department, mainly via tax credits, and once monetary control was taken away in 1997 and the displacement activity, it became a big industrial policy department and it became particularly the anti policy department, reflecting the priorities of the then Chancellor and now Prime Minister. Just as we are saying that the Cabinet Office has blurred roles because it has taken on all kinds of miscellaneous other roles and particularly social reform, so the Treasury is no longer just the department watching expenditure. Lots of other departments, including those you were involved with yourself, Lord Morris, at various times in your career, may not feel this, but there is resentment now at the Treasury for being a spending department not just the old watchdog. And in a sense one is saying that they ought to stick to their basic role rather than slip into other roles. I accept that the Treasury is going to have favoured areas but in terms of effectiveness it is actually the Treasury, and what is interesting is that some of the shrewder players in the Cabinet Office—and Michael Barber has been mentioned and he ensured in his Delivery Unit that the guys actually worked out of the Treasury even though he was technically part of the Cabinet Office at Number 10, because he knew that the only way to get effective was to get alongside the Treasury. And indeed it has now been absorbed effectively by the Treasury in that way.

Q31 Lord Lyell of Markyate: Coming back to Simon's intriguing idea of abolishing the Cabinet Office, I agree with so much of what you say of doing more things locally and letting people get on with it and not having everything dictated from the centre, but I see the duty of the Prime Minister, as I was saying, to set the strategy with the Cabinet, the department to implement it, but between those two people have to know what is going on. You were describing it as clerical, but when there was the cock-up over the Lord Chancellor it was just astonishing that they could decide on the sofa to get rid of the Lord Chancellor and that the Cabinet Office system did not say, "You cannot do that". I know it is partly because Sir Hayden Phillips was in charge and did not understand the constitution, although he was a brilliant fixer, but you have to have a system where

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you ring round and you get all the departments in. Is that not where the Cabinet Office is? Call it clerical, call it what you like but it is necessary?

Mr Jenkins: I am sorry, but that is the exception I thought that proved the rule. You had the biggest Cabinet Office bureaucracy ever seen in Britain and it did not stop that happening. It does not stop it happening because wherever you establish a bureaucracy an alternative one establishes itself.

Q32 Lord Lyell of Markyate: I quite agree.

Mr Jenkins: Alongside the development of the Cabinet Office you have had sofa government, which is the antithesis of a Cabinet Office, and I am pathetically pleading for the old way, where you had frankly sofa government without a Cabinet Office, and at least that meant that at some point someone on the sofa said, “should we not check this back with the Lord Chancellor’s department or with the Law Officers of the Crown?”. I do not think, frankly, that your totally valid point is relevant to the Cabinet Office; it is relevant to sensible and reasonably experienced people in central government knowing that you have to check what you are doing with certain people. If you study British Government in war the British Government has never worked better in the past 30 years than during the Falklands War and everybody who has written about it said, “It is amazing; we just took decisions”—end of sentence. Things got done; the Treasury did what it was told. That was a very expensive way of taking decisions but there was a wonderful clarity of purpose. Just having studied Thatcher and compared with Major and Blair, one of the great things was that she knew what she wanted; Blair never knew what he wanted and the result was that he wanted what was in tomorrow’s newspapers. You cannot legislate for that; you cannot structure government around that—or in a sense Blair did structure government around that and in his own terms he was quite effective, he got the sort of government that satisfied the following day’s papers. So you could argue that it was very successful. But reverting to the Cabinet Office it seems to me in its role of shadowing departments it is an appendix; it is an unnecessary portion of the anatomy of the constitution and I am quite unpersuaded from all my reading of it that it would not be better off abolished.

Mr Riddell: Can I just take the particular instance of the Lord Chancellor? When you hear evidence from Lord Turnbull I think he will give a slightly different view on what the degree of preparation was. I think the problem was more a political one and it all had to be done under subterfuge because of getting rid of Lord Irvine. I think it was as much to do with that as the crass insensitivity of failing to consult. But I think a lot of preparatory work had been done on that and in general I think that the machinery of government

stuff had been done. If I might also say here, one has to put in the personal factor of Prime Ministers and that sometimes work is done on options, and, again with my Institute for Government hat, if you look at the machinery of government changes the problem of doing it, it generally comes back to the Prime Minister of the day, and if you look at the two new departments that have been created in the last two years—one which we will see if it survives even the coming week, let alone after the election, the Department for Innovation, Universities and Skills—the Permanent Secretary there was given three days’ notice to set up a new department. There was an equally hurried period in setting up the Department of Energy and Climate Change. There were plenty of options around in the machinery of government people and the Cabinet Office but the fault lies with the Prime Minister and political considerations are obviously other ones. One point I want to make is that in your studies I hope you will look at the experience of the Privy Council Office in Canada because certainly the contact I have had there shows that the way they operate is quite impressive and recently a couple of them were over discussing—which is now seized upon—the reduction in scale of the Canadian Government at the end of the last decade under Jean Chrétien and the role that the Privy Council Office played there, which was quite a significant one, and it is quite an interesting example of the federal system in Canada, in a broadly similar parliamentary system, of that operating quite well. There are some very interesting people there.

Q33 Lord Rodgers of Quarry Bank: In summary, could I ask each of you, if I may, taking your own rather positive view, if you had the opportunity to change the present role of the Cabinet Office, without giving a long lecture, what do you think should be done?

Mr Riddell: It should be slimmed down. I have never gone as far in my journalistic career as Simon on most things—I always stop at the first station—but I would say that it should be slimmed down and the Civil Service reform side of it and the delivery side of it, as well as all the specialist units, should be taken out and it should be the co-ordinating body—obviously: you would have defence and intelligence and you would have some central core capabilities but it should not have this split personality of being the driver of public service reform, Civil Service reform—that should be done separately. So you would have a much slimmer, smaller unit.

Mr Jenkins: I have answered your question already in a sense but in order not to waste everyone’s time—rather perhaps to waste everyone’s time—I think it is a part of the scene as well, from the way that the British constitution has evolved, it is essentially a

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reflection of monarchy—the idea that all the components of the British constitution are based on precedent, on informality, on muddling through with a quiet life with these wonderful British concepts. Monarchy, of course, is translated from Buckingham Palace to Downing Street but it is still monarchical and the checks and balances that should be operating I think—giving the bad side of Thatcherism—was eroding them. So things that I value highly, like local government or an independent Civil Service, lost their pre-eminence in the separation of powers, and Parliament to a certain extent, but that is possibly moot. If your question in a sense is what next, I have studied systems of government abroad quite a lot because I was intrigued. It is fascinating how the smaller the country the better governed it is. Peter refers to Canada and refers to Denmark and refers to most Scandinavian countries, but even referring to the broad satisfaction with locally administered services, which is what most services are in Germany and France, you do not get that seething sense of utter dissatisfaction with public services that you get in this country. There are plenty of surveys of this and

you can look at it. I just crave smallness. You will not slim down the Cabinet Office; you either abolish it or it will muddle through getting bigger every year, I promise you that. Nothing is ever slimmed down in government; it requires a Bastille to fall to have things properly cut. The one thing you can do is you can redirect the force of the constitution away from the centre to locality and that is what I pray would happen. It happened in France, it happened in Sweden, it happened after the war in Germany and it has happened more recently in Italy. It has all kinds of downsides but the upside is that you get people more satisfied in a service because it is administered locally; it is administered in smaller units and smaller units tend to work.

Chairman: Peter and Simon, can I thank you very much on behalf of the Committee. You have been extremely generous with your time. One of the first rules of Westminster is never to stand between a journalist and his luncheon and when you are dealing with the two current doyen of the profession that rule is never more important. Thank you on behalf of all of us for the evidence that you have given.

WEDNESDAY 10 JUNE 2009

Present	Goodlad, L (Chairman) Lyell of Markyate, L Morris of Aberavon, L Norton of Louth, L Peston, L	Quin, B Rodgers of Quarry Bank, L Rowlands, L Shaw of Northstead, L Woolf, L
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Examination of Witnesses

Witnesses: PROFESSOR MARTIN SMITH, Professor of Politics, University of Sheffield, DR RICHARD HEFFERNAN, Reader in Government, Open University and PROFESSOR DENNIS KAVANAGH, Emeritus Professor of Politics, University of Liverpool, examined.

Q34 Chairman: Professor Smith, Dr Heffernan and Professor Kavanagh, can I welcome you to the Committee and thank you very much indeed for braving the difficulties of transport this morning. You are very welcome. We are being recorded; so could I ask you formally to identify yourselves for the record?

Dr Heffernan: I am Richard Heffernan. I teach at the Open University and I am a professor at the University of Notre Dame.

Professor Smith: I am Martin Smith. I am Professor of Politics at the University of Sheffield.

Professor Kavanagh: Dennis Kavanagh, Emeritus Professor at the University of Liverpool.

Q35 Chairman: Can I kick off by asking which key constitutional issues you think that we should have in our minds in connection with our inquiry into the role of the Cabinet Office and the centre of government?

Professor Kavanagh: Can I make two suggestions? First, I think there is the question of the accountability of the informal office of the Prime Minister to the House of Commons and the relationship between that office and the Cabinet Office. The other thing particularly emerging from last week, I thought, is that the centre—which is a relatively new term in British politics and British Government—needs to be aware of the constitutional responsibilities of permanent secretaries both to Parliament and their duties of care towards their ministers, rather than towards the Prime Minister or the Cabinet Secretary.

Professor Smith: I would agree. I think that accountability is the key issue. One of the problems about accountability is that it is not clear who is making decisions in the centre and who is responsible for decisions. I think that if you do not know who is responsible then you cannot hold people to account. The second issue, which I think is a broader issue in terms of British Government, is in the sense of what are the rules. What are the rules for who should do

what? Who has responsibility for what? Who has what powers? I think that there is a broader issue about do we actually need to define what the rules of different aspects of central government are.

Dr Heffernan: The three stated functions of the Cabinet Office that are referred to in all of its documentation—about supporting the Prime Minister, supporting the Cabinet and strengthening the Civil Service—I think are three functions that are essentially incompatible. The reality on the ground is that the Cabinet Office is expected to do too much. I think that there is a strong case for regularising what is in a sense the reality, which is creating a Prime Minister's Department, however it is titled, which essentially, with a Permanent Secretary in Number 10 now, one could argue exists in all but name. As to the old argument about the Prime Minister's Department and whether that would over-strengthen the centre, I think that scholars and practitioners might well recognise that formalising what has become an informal arrangement would actually strengthen the role of the centre and may well be able to enhance the role that the Cabinet Office plays in terms of supporting the Civil Service and supporting the Government beyond the Prime Minister.

Q36 Lord Peston: I would ask Professor Smith if he could enlarge on something. I think that you started off with the sentence, "What are the rules?" and you half-backtracked because you took it that—the standard bill of politics in this country—probably there are no rules. However, I was not clear whether your final conclusion was going to be, "... but there should be rules", explicit rules.

Professor Smith: I think that there should be explicit rules. If you were really going to go a long way, you would have a written constitution which said, "These are the powers and functions of the Cabinet Office. These are the powers and functions of the Prime Minister's Office. These are the powers and functions of the Treasury". I am not a lawyer but in a sense, of course, most of these things in Britain are almost common law. Lord Norton knows much more about

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this than I do. It is an issue that it is custom and practice, and the problem is that those customs and practices are not consistent; they change according to ministers; they change according to Prime Ministers; they change across government. If we at least knew clearly and the rules were clearly stated, we could then, when someone had gone beyond their powers, say who should be accountable for decisions and we could say who should be doing what.

Q37 Lord Morris of Aberavon: Professor Smith, you singled out the Permanent Secretary's accountability and role. What do you mean by that? The Permanent Secretary is the accounting officer and that is a financial role—or does it mean something more than that?

Professor Smith: I think it was Professor Kavanagh who singled that out.

Professor Kavanagh: The minister is accountable to Parliament and the officials and the politicians answer before select committees. Ministerial responsibility is a key concept of the British constitution and civil servants do have a duty to take their direction from the Secretary of State that they are working for.

Q38 Lord Morris of Aberavon: There is nothing distinct, other than that they have a duty? The point I singled out was that there was a duty of a Permanent Secretary to Parliament. Is there such a thing or was that a mishearing on my part?

Professor Kavanagh: Yes, there is, as an accounting officer.

Professor Smith: I think that this is a bigger issue, which is the way in which ministers dominate political government institutions in the British political system, which blurs the lines in terms of who is accountable for decisions between civil servants and ministers. Again, it comes back to the rules being written and distinguishing who should be accountable for what, in a very clear way.

Q39 Lord Rowlands: You have said that we need rules. Can you write a couple for us now?

Professor Smith: It is very difficult to write particular rules, but I would have a set of rules that said, "The Cabinet is responsible for these functions". As we already accept, the Cabinet is responsible for writing the minutes for Cabinet and ensuring that the departments are then informed of those minutes, and the departments then have the responsibility for implementing them. I think that we need a similar set of rules in terms of what should the Prime Minister's Office be responsible for. We know, at least in principle, what the relationship is between the Cabinet Office and the departments. We actually do not know in a clear way what are the lines of

accountability, responsibility and authority between a Prime Minister's Office and departments.

Q40 Lord Rowlands: Where would there be a healthy constitutional division of responsibility? Can you help to define it for us? Between the Prime Minister's Office and Cabinet Office.

Professor Smith: Again, it opens up a big question, because your starting point in a sense would have to be what are the powers of the Prime Minister? What can the Prime Minister do? If you make a decision—which I think has happened in practice—that Prime Ministers can autonomously innovate policy, then you would have to say the rule that follows from that is that the Prime Minister can then clearly direct departments in what they do in terms of policy direction. I think that is the situation in practice but, in terms of the written and unwritten rules of the constitution, that is not the practice that exists, because the terms of the rules are that decisions should go through Cabinet, that they are collective decisions; once they are agreed, they are implemented by departments. I think that there is a big slip now between the practice and the rules.

Dr Heffernan: At the moment, we do not know where the Prime Minister's Department begins and where the Cabinet Office ends. We know that, for example, in the reshuffle last week the Northern Ireland Secretary is also in the Cabinet Office, reporting to the Prime Minister. We do not know whether he is also reporting to the new Cabinet Office Minister, Tessa Jowell. There is a whole mix-up in terms of where Downing Street begins and where it ends. This has been an incremental process. It is largely owing to the Blair administration but it has precedence. John Major famously tried in 1994 to have David Hunt in—if anybody remembers that occasion—as the Cabinet Office enforcer. Cabinet Office enforcers do not work, because the Prime Minister is usually his or her own enforcer; but there is a real difficulty in knowing what the rights and responsibilities of the Cabinet Office are. Somebody said in another place, the equivalent to your Lordships' Committee, that the Cabinet Office is a "bran tub", from which you go and pull out what it is you want. I do not think that is really acceptable in modern government. It also means that the one thing you do not have a Cabinet Office doing rather effectively is monitoring the Civil Service. Both chambers of Parliament have been asking for a Civil Service Bill for a long time, and I know that the executive is minded to give you one but one has not yet appeared. I think that the real issue of understanding the role of the Cabinet Office is to take it outside of the Prime Minister's remit, and that would mean creating a Prime Minister's Department—which may not necessarily strengthen the Prime Minister any more than people have suggested in the past.

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Q41 Lord Woolf: I think that this is probably a question to Professor Smith. You have indicated that the Prime Minister can initiate policy himself. That is now accepted. If the policy is misconceived, in the sense that it has not taken into account what is involved in implementing the policy, would you identify any official who has the responsibility to say, “Hey, Prime Minister, you won’t be able to do that”?

Professor Smith: There is a very interesting example of that, going back to the Blair government, which is the issue of the street crime initiative. In that instance, the Prime Minister decided that this was a key issue and that it was an issue he was going to take up. In fact, one of the Chief Constables, the one for South Yorkshire, said that he did not think that was a problem for South Yorkshire, and he did not stay in that position very long after. I am not saying that there is a relationship between those two events.

Q42 Lord Woolf: I was thinking of the demise of the Lord Chancellor.

Professor Smith: Yes, again. Clearly there are people who can say to the Prime Minister, “That’s not a very good idea, and that’s not going to work”, but that is not a formal position.

Q43 Lord Woolf: Should there be somebody who is formally identified?

Professor Smith: I think that formally it should be Parliament, should it not? It is supposed to be a system where Parliament should hold the Prime Minister to account, and so the mechanism, in a way, should not necessarily be . . .

Lord Woolf: That is post the event. That is the only problem.

Lord Lyell of Markyate: They did hold them to account in about five minutes, because frogmarching people to cash points was so obviously dotty!

Chairman: The Chief Whip has a role here. Lady Quin.

Q44 Baroness Quin: I can certainly think of a couple of examples under the Blair administration where the Prime Minister thought of an initiative but eventually was dissuaded from it by the relevant department, which was the Home Office. Obviously there are discussions and negotiations between the Prime Minister and the Home Office. I see what you mean about formal lines of accountability. I am not arguing against that, but I think that in practice prime ministerial power is curbable in various ways.

Professor Smith: The problem in a sense is that it is arbitrary on what grounds it is curbable. Clearly there are cases where somebody says, “That’s not going to work” or “That wouldn’t be a very sensible thing to do”, but there are other areas where people might say, “That’s a good idea” and it goes ahead.

But we do not know what are the grounds on which the Prime Minister’s powers are bounded. They depend on the issue and the personnel involved. There is not a formal sense of what the limits or extent of the Prime Minister’s powers are.

Q45 Lord Rowlands: There is nothing new about Prime Ministers initiating policies. Prime Ministers through the ages have initiated things. What is new?

Professor Smith: Two things are new. One is the extent of the Prime Minister’s initiation. Clearly it has gone on, but if you look back at Prime Ministers like Attlee, Macmillan and Callaghan, they tended to focus maybe on one or two issues. Callaghan, of course, was very famous for picking up the issue of education, which was seen at that time as relatively unusual. The other thing that has changed with the Prime Minister’s Delivery Unit is the involvement of the Prime Minister in the implementation of policy, and that really is a considerable change. Before then, the Prime Minister might become involved but essentially it was the departments that were left to handle it. What has happened with the growth of the centre and the creation of the Prime Minister’s Delivery Unit is that departments to some degree have either been bypassed or have been very strongly pushed by the centre.

Professor Kavanagh: Can I pick up the point made by Lord Rowlands? I would like to broaden it out, if I may. You are quite right. Prime Ministers have always taken initiatives, particularly responding to particular crises, when they are expected to get involved. What has happened since 1997 is the elaborate infrastructure in Number 10 and in the Cabinet Office that the Prime Minister erected after 1997. The scale was such that I think one could talk about a qualitative difference in the perception that the Prime Minister took of himself. If I may be so indiscreet, because the ten-year rule has now elapsed—the Prime Minister said to David Butler and myself only about two weeks after being Prime Minister, “Ministers have to understand that they are agents of the centre. They have been sent to the departments to carry out a strategy”. I cannot imagine many other Prime Ministers saying that. What he tried to do gradually was to equip himself to do that. Because we are talking about the Cabinet Office, can I remind you of something where this is formalised? May I read out just a few lines? “Before Tony Blair moved into Number 10, the Cabinet Office’s official remit was “To provide an effective, efficient and impartial service to the Cabinet committees. The secretariat has no executive powers beyond serving the Cabinet and committees and co-ordinating department contributions”. After 1997 the remit changed, and, in emphatic typing, it has changed to this: The Cabinet Office is expected, “to

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support efficient, timely and well-informed collective determination of government policy and to drive forward the achievement of the Government's agenda".¹ In other words, there is a formal statement that the traditional role of the Cabinet Office as an honest broker between departments has now changed into being something like—I do not like the term, it sounds like John Le Carré—an arm of the centre, which is decided by the Prime Minister. I think that is somewhat different. In practice and in terms of the behaviour, it created problems for a number of Cabinet Ministers and it has created problems for a number of permanent secretaries—particularly when there were tensions. The other part of the centre that was not really covered last week and may not be covered this week, is the Treasury. At a time when Number 10 and Number 11 were speaking with different voices, that also created a problem for departments. It is all very well creating a centre, therefore, but where the centre is overloaded, as clearly the Cabinet Office is now, as the dumping ground, it has lost sight of its original objectives. I would say that, of those three tasks, I do not think any of them are performed particularly efficiently. One of the things you may want to consider at some time, My Lord Chairman, is whether the role of the Cabinet Secretary, which has expanded so enormously, gives rise to looking again at whether you need a separate, specialised head of the Civil Service, because I think that the duties on the Cabinet Secretary's shoulders are so enormous these days.

Dr Heffernan: I think that Lord Rowlands has hit the nail on the head. There has been an exponential development in the role of the Prime Minister. Prime Ministers have always never been, to quote Mrs Thatcher, "a weak, floppy thing, sitting in the chair". There are two members of your Committee who have experience of working with Prime Ministers, directly sitting in Cabinet. I know that. However, Prime Ministers always are the legal head of the Government, in that they have the right to use the Crown prerogatives and to be involved, either directly or indirectly, in any aspect of government policy that they take an interest in or that they are obliged to take an interest in. The variable matter of the Prime Minister's individual power depends largely on his or her personal power resources. Broadly speaking, if a Prime Minister is electorally popular and politically successful, he or she will be more powerful within the Government and inside Parliament than if he or she is politically unsuccessful and electorally unpopular. A comparison between Blair, shall we say, in his pomp in 1999 and the present Prime Minister at the current time would demonstrate that. The point, however, is that the Prime Minister's right to intervene is presently

subject to a variety of whims, in a way. For example, the present Prime Minister has announced the National Economic Council, the Domestic Policy Council, the Democratic Renewal Council. We have no idea how these work. I suspect most ministers do not know. Are they Cabinet committees? Are they based in the Cabinet Office? We will find out in due course, once they are up and running, but I think that this *ad hoc* approach to simply re-inventing the machinery of government almost instantaneously is terribly bad practice. That is why one suggestion in terms of reforming the centre would be distinguishing what it is the Cabinet Office should do and then determining how it should do it. The three objectives it has at present are simply unsustainable. It is interesting that the Cabinet Secretary's role has increased but his or her personal authority has probably diminished in the past 10 years. We have had four Cabinet Secretaries in 12 years and the Cabinet Secretary is now no longer the chief adviser, in the way that Sir John Hunt was to people like Callaghan and Heath.

Q46 Lord Rodgers of Quarry Bank: I may have missed a bit of the point and we may be moving forward, but do I understand all three of you to say that effectively you would like to see a slimline Cabinet Office, on the assumption for example that it is as diverse as the Olympics on the one hand and, say, the 30-year rule on the other? If indeed it should be slimmed off—I am not asking department by department—where would they go? Would they go out of government?

Dr Heffernan: I think there is a case for a Civil Service Department, with a Cabinet Minister reporting either within or without the Cabinet. There should be a Prime Minister's Department formalised, established and set up, reporting to Parliament, and accountable and transparent. The other functions in terms of the intelligence service—if the Cabinet Office was reinvented as a department for public service—it would be useful in terms of keeping all of the disparate responsibilities that are presently thrown into the Cabinet Office or taken out of the Cabinet Office, depending on the whim of the Prime Minister. I think the general problem is that machinery of government issues are not statutory; they are not regularised. If you look at the business in which we are employed, universities, we were formerly run by DfEE, then by DfES, then by DIUS and now by BIS—all in the space of five years or so. It is a problem of the way in which we govern ourselves. I think that it is not entirely a slimmed-down Cabinet Office but rather a more effective Cabinet Office, with a better remit and a more manageable and accountable trail, headed by a Secretary of State who is an authoritative politician—not necessarily the

¹ D. Kavanagh and A. Seldon *The Power Behind the Prime Minister*, p309

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case at present. Cabinet Office ministers are usually people on their way up or on their way out. The fact that you have a minister and not a Secretary of State—I think the title might tell us something about the way in which we approach the role of the Cabinet Office in its present form.

Q47 Lord Norton of Louth: I was going to come back to the question about who should say no to the Prime Minister, in terms of what the Cabinet Office does do or should do. One of the things it has never really done has been to be the mechanism through which one says to the Prime Minister, “No, that can’t be done”. Presumably the role of the office may have changed, but it is from a facilitating body to more of a delivery body. At most, it would be the mechanism by which, say, some reaction was channelled; but you would not see a role for the office itself in that respect, would you?

Professor Kavanagh: It is fellow politicians, it is fellow aides who do this—“Wait a moment, Prime Minister”—that kind of thing. Perhaps I could come back to something that has been raised by Dr Heffernan. I am awfully struck by the decline in the standing of the Cabinet Secretary in relationship to the Prime Minister. I think that Lord Armstrong was the last person who could speak very authoritatively to a Prime Minister, and when you think of Bridges, Burke Trend, and these kind of people, Prime Ministers—I will not say that they looked up to them, but they really could appreciate that there is the majesty of the state there, as it were. That has ceased to be the case. Particularly since 1997, it is the granting under Orders in Council of the authority to instruct Prime Ministers that was given to the press secretary and the chief of staff. A novel appointment—a chief of staff in Number 10. Before then, it had always clearly been the Principal Private Secretary. Then you had the Principal Private Secretary Jeremy Heywood joining those two as a key adviser to Tony Blair, and he is probably the most significant figure around Number 10 and the Cabinet Office nowadays. So that is a real problem.

Q48 Lord Norton of Louth: On that point, to what extent should we draw a clear distinction between the role of the Cabinet Secretary and the Cabinet Office?

Professor Kavanagh: Traditionally, the Cabinet Office, let us say before Britain’s entry to the European Community in 1973, did have a restricted and pretty clear role. You could not say that the Cabinet Secretary was overloaded or had loads of committees and loads of duties to do. It was mainly the Cabinet committees and servicing the Prime Minister. Now you have this tremendous proliferation of duties. I think that kind of central role, of being an influential figure vis-à-vis the Prime Minister, has become attenuated.

Professor Smith: Also, it is part of a wider change. This was clearly the case with Gordon Brown in the Treasury and it was true of Tony Blair in the Prime Minister’s Office that they both depended on their own advisers. They did not depend on civil servants for advice. I think that is partly as a consequence of the way in which the roles of the Prime Minister, and to some extent the Chancellor, have become much more political. Often what they are concerned with are actually political issues rather than policy issues. There is an argument about how the role of the Civil Service more generally has changed, because politicians have seen their role as something very different from what it used to be.

Q49 Lord Lyell of Markyate: I think that Professor Kavanagh—and you probably all agree—put his finger on it when he read that very interesting passage from an earlier period, where one of the key functions of the Cabinet Office was co-ordination. That has now completely dropped out as one of its functions. As you are telling us, and I certainly agree, the Cabinet Office has become grossly overloaded by the attempts to drag everything into the centre, bully the departments and think that it can all be done by special advisers. The co-ordinating aspect seems to have gone out of the window.

Professor Smith: One of the problems historically—I do not know if the others will agree with me—is that where the Cabinet Office was weak was in co-ordination. This is a point that Lord Norton made very strongly. Traditionally, we had ministerial balance and policymaking went on in departments. It was not unusual, and it is still the case, that departments often did things that were completely contradictory. The Cabinet Office, although at an administrative level it was very good at co-ordinating because it was run by very bright civil servants, I think that at policy level it failed in the co-ordination function. That is one reason why Prime Ministers have tried to build up their office: because they have tried to create co-ordination in government that has never existed.

Q50 Lord Lyell of Markyate: Have they succeeded?

Professor Smith: I do not think they have, no.

Q51 Baroness Quin: I want to go back to what Professor Smith said a minute ago about both Tony Blair and Gordon Brown relying on special advisers rather than the Civil Service. The problem is that it does not seem to accord with my own experience, in that it seemed to me it was a mixture of the two. If I think of the preparation of European summits, for example, the role of senior civil servants in the Foreign Office was extremely important, both in terms of negotiating strategy and in terms of actual

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goals. It certainly does not accord with my own experience that special advisers on those occasions were even the prime source of information. They were one of them, but not the sole source.

Professor Smith: Yes, I think that is fair and possibly I exaggerated for effect. One of the things that has happened, however, is that there has been a pluralisation of policy advice, whereas, if you go back 20 or 30 years, advice came solely from senior civil servants. Also, if you look at other departments, the role of special advisers is quite limited. If you look at the Treasury and the Prime Minister's Office, if you look at the key appointments, they were not called "special advisers" but the key appointments that Blair made were political appointments. They became civil servants but people like Stephen Wall, people like the director of the Prime Minister's Policy Unit, these were all people who had been political in the past and became civil servants once appointed.

Baroness Quin: Stephen Wall? He is a career civil servant.

Q52 Lord Morris of Aberavon: He is a diplomat.

Professor Smith: I am sorry, but Geoff Mulgan and people like the director of the Policy Unit.

Professor Kavanagh: Ed Balls at the Treasury.

Professor Smith: These people came in as political appointments but became civil servants. If you look at the Prime Minister's Policy Unit, the people in key positions were political and not civil servants.

Q53 Lord Rowlands: Until some remarks by Professor Smith a couple of minutes ago, all three of you were leaving me with an impression that there was this golden age, when you had great, good government because you had Cabinet Secretaries being looked up to by Prime Ministers. That golden age made some horrendous mistakes. All my parliamentary, political and ministerial life, we have been trying to strive for joined-up government. I thought that was trying to correct departmentalism and one department not knowing what the other was doing. Are you saying that there was a golden age or not?

Dr Heffernan: I do not think there was at all. The high point of cabinet government in terms of collective decision-making—Lord Morris sat in it, I think—was over IMF in 1976, dealing with a crisis. Tony Blair has always said that he thought his problem as Prime Minister was not that he was too powerful: he was not powerful enough. He always said that, looking at it from Downing Street, he thought that he did not have enough control over government. That is why he built up, incrementally, *ad hoc*, with some mistakes, the kind of central capacity of Downing Street—which is why I am an advocate of a Prime Minister's Department. I do not think that it

necessarily strengthens the Prime Minister but it helps make the process of co-ordination better. The best form of co-ordination was "Tony wants", which was said to be the catchword in Whitehall, certainly in the first Parliament when he was first Prime Minister. "Tony wants" meant that things got done. That was because he was politically successful and electorally popular. I think that what your Lordships' Committee needs to think about, if there is a need to regularise the work of central government, is that there is a reality that the Prime Minister is much more now than *primus inter pares*. Even a weak Prime Minister such as the present incumbent is much more powerful. The old days of Baldwin and Attlee as chairmen of the Cabinet have gone, for good or ill; they are not coming back. The Prime Minister will be much more significant than other ministers and there are lots of checks and balances upon his or her power, but one check and balance there is not is an institutional base, because the Cabinet Office does not remotely play that role; and it should play a role in supporting the Cabinet beyond the Prime Minister. At present all it tends to do is support the Prime Minister, because you do not know where Number 10 ends and where the Cabinet Office begins. I think that is a great problem in terms of good government. It is also a problem for the Prime Minister, incidentally. I do not think that having that really assists him or her in doing the job they need to do.

Q54 Lord Morris of Aberavon: I listened very closely to what Professor Kavanagh was saying about the importance of the Cabinet Secretary. I think that we should explore this, perhaps on other occasions, a little further. It may well be that Lord Armstrong was not a happy choice. Some people may say that when he virtually became deputy Prime Minister he came to a sticky end.

Professor Kavanagh: No, that is a different Lord Armstrong. He was not a Cabinet Secretary. It is Robert Armstrong.

Lord Peston: William Armstrong never even got a peerage.

Q55 Lord Morris of Aberavon: I am very glad you have cleared that up. Mind you, he did me a very good service—but that is another matter. Before the Flood, when I was a junior minister, there were honest brokers and clerks in the Cabinet Office. They have changed. How much have they changed in 30 years and how has the role of the special adviser or the Policy Unit or the policy adviser, whatever he calls himself, impinged upon the Cabinet Office and other advisers? One only has to read, and I have read it recently, the two autobiographies of Bernard Donoghue, of the battles that Sir John Hunt had in order to try to control him and get him under his

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wing. Has the role, the numbers, the activities, the influence of special advisers, impinged on the core functions of the Cabinet Office to support the Prime Minister, support the Cabinet and strengthen the Civil Service?

Professor Kavanagh: Yes, I think it has. The Policy Unit under Bernard Donoughue in the second half of the Seventies lived in a very different world than the Policy Unit lives in today, with a 24/7 media. It is a much bigger job. Donoughue just looked at a few particular areas. The Policy Unit now tries to look across the board. Can I just give one figure? When John Major left Number 10, I think he had seven special advisers. That had been pretty well the norm, even going back to Harold Wilson and Bernard Donoughue's time. Under Tony Blair it reached nearly 30. Gordon Brown reduced it but it is going back up again. This is a quadrupling. He is really equipping himself with lots of political advisers. Between 2001 and 2005 there was a particular initiative that was very little noted, and that was the amalgamation of the Prime Minister's Private Office, consisting entirely of civil servants, and the Policy Unit, consisting almost entirely of political appointments. Incredible! Cheek by jowl, political appointments and civil servants working. After 2005 they went back to what they used to be. I think that under Blair the Policy Unit was very important. It was illustrated in the very first year. The draft White Papers from John Prescott on Transport and a draft White Paper by Margaret Beckett on fairness at work—these were both entirely rewritten by the Policy Unit, to the chagrin of the two, pretty powerful, senior secretaries of state. When they objected, they were told "These corrections carry the imprimatur of the Prime Minister". You can think of the particular field of education where, in higher education tuition fees in particular, it very much germinated within the Policy Unit—to the consternation of the then Secretary of State. It has therefore been very powerful. It is physically present in the building with the Prime Minister. It bumps into him in a way that the Cabinet Secretary never can. The Cabinet Secretary very often has his Monday morning routine with the Prime Minister, going through the progress of the various Cabinet committees, but some cabinet secretaries pop in at the end of the day, to find out what is going on. That is a very different relationship than used to be the case with cabinet secretaries 30 years ago or more—very different.

Professor Smith: One of the issues is that, until Edward Heath, Prime Ministers had no policymaking capacity whatsoever. They were dependent either on departments or the Cabinet Office to involve them in policymaking. What we have seen since then is Prime Ministers continually trying to increase their ability to make policy

independently within Number 10. I think that is a very significant change. The question is whether that is a good thing or a bad thing, but that is one of the things that has happened.

Dr Heffernan: According to an NAO study of the Cabinet Office, there were 169 people working in the Prime Minister's Office as of last December. This is tiny in comparison with most chief executives' offices. It is, not only if you compare it to the United States' President, who employs 9,000 people in the executive office dealing with the White House, but also even the Irish Taoiseach has more people than that. In terms of special advisers, I think that they are an inevitability. I think that there is an issue with them with regard to ensuring that they are on a statutory footing. If there was a Civil Service Bill, then you would be able to define more clearly the relationship between special advisers and civil servants. There are probably not enough technocratic special advisers. Most special advisers simply leak and brief on behalf of their principal—for all the good and ill that that has caused. There is one issue with special advisers which is perhaps beyond the remit of your Lordships' Committee, but I thought that I would just mention it. Nine members of the present Cabinet have spent time as special advisers. Eight members of the present Cabinet, appointed last Friday, were special advisers after 1997. I think that the idea that you are creating a political class of career politicians through the rubric of the special adviser model is of severe concern to democratic issues more widely; and if you add in the other two members of the Cabinet, who were not special advisers but were party functionaries before entering Parliament, then you see that a large amount of our political class is drawn from this kind of administrative political sector, which I think is of grave concern. Special advisers are necessary and inevitable. There is no point complaining about them; it is about regularising the relationship they have. I think the Prime Minister probably needs more special advisers, but in a technocratic sense. It is absurd, for example, that his defence and foreign affairs adviser, his European adviser and his domestic adviser are based in the Cabinet Office. They ought to be in Downing Street, even if there is not a Prime Minister's Department regularised.

Professor Kavanagh: It is no good just looking at the numbers who work for the Prime Minister in Number 10, because there are severe space constraints in Number 10. That is why the Strategy Unit is deposited in the Cabinet Office. There is no room in Number 10, so there is an overflow. Looking at the numbers in Number 10, which is two 17th century townhouses joined together, it is never going to be a big, powerful centre like that. The Prime Minister has sent his staff elsewhere—an overflow.

Q56 Lord Lyell of Markyate: Briefly on that, when one walks through—and I was astonished when I first did it—all right, there are just two houses, but there

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is a total rabbit warren which goes under Whitehall, that comes up into the old Cabinet Office by the tennis court. It seems to go on forever. In one sense there is far more space than your initial statement suggests. Regarding this next question, I am not sure that I entirely agree with its premises but I think that co-ordination is an incredibly important question. In my view, that is one of the things that the Cabinet Office ought to do efficiently. This question asks how the relationship between the Cabinet Office and the other two key co-ordinating bodies in government, the Treasury and Number 10, has evolved during this period. Number 10, I could see, might have a co-ordinating role. The Treasury has a policy and money role, but I do not think that it is really co-ordinating. My real question, which I think the Committee want to know the answer to, is this. In the last 10 years, has the co-ordination function been working effectively?

Professor Smith: I think it goes back to a point I made earlier: that in a way co-ordination has never worked particularly well. As a consequence of that, the Treasury has to some degree filled that vacuum; because, whereas the Cabinet Office has very few levers over the departments, the Treasury has very strong levers over departments. You can see Chancellors of the Exchequer, going back quite a long time, using public expenditure as a way of trying to create some co-ordination of government policy. That became even stronger under Gordon Brown, where performance indicators could be used as a very direct tool for Gordon Brown to have a high degree of influence over the co-ordination of domestic policy; and that is actually what happened. It again goes back to the unwritten rules of the British constitution and people not really knowing what is going on. Formerly, co-ordination was supposed to have gone on with the Cabinet, but in fact it slipped to some degree to the Treasury and what we have seen over the last 10 or 15 years is that it has slipped again, increasingly to the Prime Minister's Office.

Q57 Lord Lyell of Markyate: It seems to me that there are three good examples in the last 10 years where co-ordination—admittedly, I am a lawyer and come from a law officer's background—has failed very badly. The cock-up over the Lord Chancellor's appointment in 2003 I find absolutely astonishing, even given that it was done on a sofa, trying to keep it secret from Lord Irvine, which was obviously part of the problem. That the department itself should not have said, "You can't just abolish this"—I was not in the House of Lords then—with regard to what they attempted to do, and that you then have Tony Blair and the BAe case and his saying, "We can't allow this case to go on. We'll lose thousands of jobs", when he had just taken us through the OECD agreements, which said "That is completely not permitted"—how

could that happen without a complete failure of co-ordination? Then, when in 2007 Gordon Brown comes in, he says he is going to give all sorts of powers back to Parliament and take away powers from the Attorney General—powers which actually the Attorney General had never exercised, though they did have a controlling role. That is just ignorance, through lack of co-ordination. My impression is that, in the previous 10 years, telephones would have been buzzing and those mistakes would not have been made.

Dr Heffernan: If you look at last week's changes in the machinery of government, the reinvention of BERR, the dismantling of the Department for Universities, Innovation and Skills, created only two years ago, I imagine that less than four hours' thought was given to the reconstruction of these government departments. They were essentially done largely to politically reward the now First Secretary and Lord President of the Council for his political service. Fine. I am sure that he will be a very admirable departmental minister. He is a very able and talented minister. But we do these things on the back of an envelope. In the United States, federal governments' departments are restructured only with the permission of Congress. They have created one federal department in the last 15 years, which was the Department of Homeland Security. It is up to the House and the Senate to agree with the recommendations presented by the President of the day. Here, Prime Ministers reinvent government at a moment's notice. Abolish the Lord Chancellor one day, recreate him the next—simply because he could not do that, because it is a statutory appointment. In terms of whether you wish to have universities run by a Department of Education, by a Department of Universities, Innovation and Skills, or by the Department of Business, Innovations and Skill, it is entirely a matter for the Prime Minister of the day. I do not think that it provides for good government, to be honest.

Professor Smith: These problems of co-ordination are everyday and they are historical. Peter Mandelson will presumably be telling universities today that they can reduce their funding gap by having more overseas students. The Home Office is making it extremely difficult for overseas students to come into this country. That sort of policy contradiction is constant, because there is not and there has never been a mechanism within the British political system to co-ordinate those sorts of day-to-day policy details. It can work at some grand strategic level within the Prime Minister's Office and it can work at some administrative level within the Cabinet Office, but it is never really properly co-ordinated in terms of policy detail.

Professor Kavanagh: I would agree with this. I have talked to ministers about joined-up government. This was the big theme of the first couple of years. It was

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a buzzword among civil servants. They all wanted to be part of this. There is a kind of weary resignation that it is so much more difficult actually to achieve than the original high hopes vested in it. I find that there is much less talk now about joined-up government, because they have been so disappointed, facing so many obstacles. Regarding the point made by Lord Lyell and the questions you ask—and one of them was raised last week—we do not know whether the Prime Minister was given advice and he chose to ignore it. We do not know whether he was warned about making his decisions about the Lord Chancellor's Department and so on. We do know that Lord Butler, Sir Robin Butler as he was then, automatically assumed that the Cabinet would be informed of the decision to give interest rate policy to the Monetary Policy Committee of the Bank of England, and Blair just said, "They'll pass it. There's no need to tell them". This is a case where maybe the Civil Service should have been more assertive; but one gets the impression of ministers riding pretty well roughshod, or the Prime Minister at times riding roughshod, over cautionary advice they were getting—particularly at the early stages of a new government, which thinks that a Civil Service may have got used to working with the opposition party for the previous 10 or 15 years or so.

Q58 Lord Lyell of Markyate: I find it a little surprising, with the three examples I gave, if they received advice and they have simply blundered on, regardless.

Professor Kavanagh: There may be other examples as well.

Dr Heffernan: If they had spent a month preparing, they may well have made fewer mistakes. If they spend a day preparing this dramatic change, they are likely to make mistakes. If you approach something, prepared for it to be ill-considered, it will be ill-considered.

Q59 Lord Lyell of Markyate: This is government on the hoof, is it, or policy on the hoof?

Professor Smith: I do not think this is new, because if you go back to the Scott Report, the arms to Iraq, the whole reason that occurred was because different parts of Government were following their own interests and paying no attention to what was going on in the rest of the Government. Sometimes it was even known that they were all doing things that were contrary to a particular policy that was set out by the Government. I do not know whether this problem is soluble, but it is a key feature of British Government.

Dr Heffernan: The Department of Economic Affairs in 1964—invented on the back of an envelope in the back of a taxi, apparently. It is an inevitable problem but, if you do take some time, if you do have to report to Parliament on the structures and functions of

government departments, you will be able to address this question of co-ordination much better. Presently, the Cabinet Office only co-ordinates government by assisting the Prime Minister in his or her ability to do so. The Treasury has different functions under a very powerful Chancellor such as Brown, where they would have these accounting meetings and so on for Public Service Agreements, which strengthened the role of the Treasury in terms of following the money; but a Cabinet Office that dealt with the machinery of government would be much more effective, I think, or would have an opportunity to be more effective. These are, I agree, time-old problems, because often government is about fire-fighting problems as much as it is about laying out co-ordinated plans. However, that is one way in which you would get a Cabinet Office that was more focused, if not streamlined. It would help the Prime Minister and the Cabinet in the conduct of business much more effectively if it did not have to do all of these things.

Q60 Baroness Quin: Picking up Dr Heffernan's last point, I think perhaps back-of-envelope problems have been going on for a very long time. The example was given of the American Department of Homeland Security, as opposed to some of our sort of instantaneous departmental changes. I remember being part of a parliamentary committee visiting the States at that time and it was very much seen as a presidential, almost panic initiative to the issue of terrorism. The different departments of security within the United States were at that time quite worried that they would not be able to reorganise within this department at the same time as trying to tackle the terrorist issue. So it seemed to me that, rather than being a contrast with our system, it was similar to our system. Although I think this has existed for a long time, I wonder if, following Professor Kavanagh's point, it has been heightened by the kind of 24/7 media environment, so that, if you have media on the hoof, you also have government on the hoof. I wonder if there is some way in which this has become an unreasonable way of operating, and that government as a whole should somehow signal that this is not the way to operate for the future.

Dr Heffernan: The strength of our system is that we can respond quickly and organically to present circumstances. The difficulty in the United States is that the system prevents government from doing things in terms of setting up departments. I think that there is a happy medium between these two. It would be against the British tradition of doing politics where the executive had to ask Parliament for permission to change the machinery of government; but nonetheless Parliament could insist upon some process by which the machinery of government is altered, and you need not do it in such an *ad hoc* way.

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That is a problem in terms of the way we do politics and there are numerous examples of it. That is why I think that one of the strengths of former Prime Minister Tony Blair, in trying to engineer a more powerful and authoritative centre, was probably a good thing, provided that it is transparent and can be held to account by other members of the Government.

Q61 Lord Rowlands: In many ways you have answered our fifth question, which is what you would identify as the key issues or problems that the Cabinet Office and the wider centre of government have faced since 1997. That is what we have done for the last 45 minutes. Perhaps the best thing for us to do is to clarify where we stand as a result of the evidence of the last 45 minutes. Do I take it, first, there is a ground of agreement that there was a need for some kind of joined-up government but the efforts to do it since 1997 have not been successful? Secondly, as a result of the means by which they tried to do this, Cabinet Office roles have become complicated and incompatible. Thirdly, there has been a blurring of responsibilities and therefore a lack of parliamentary accountability. Is that a reasonable summary of what we have said in the last 45 minutes?

Professor Kavanagh: Yes, I would agree with that very much.

Q62 Lord Rowlands: In that case, Dr Heffernan has been very consistent in his evidence suggesting that we should have a Prime Minister's Department proper. Do the other two of you agree with that?

Professor Smith: In a way, I think it is not my decision but—

Q63 Lord Rowlands: Would you recommend it?

Professor Smith: In a way, it does not really matter. What we need to do is be clear about how the centre of British Government is organised. It could be the Cabinet Office or it could be the Prime Minister's Office or it could be the Treasury, but what it cannot be is three departments, and maybe more, fighting over who has control of the centre and nobody actually being clear about what those rules are and who should be in charge of the centre.

Professor Kavanagh: A Prime Minister's Department has been mooted, in 1982 and on at least one other occasion. It was the Cabinet Secretary on both occasions who objected strongly to this. If we did have a proper Prime Minister's Department with a Permanent Secretary overseeing officials, there is no doubt it would raise serious questions about the role of the Cabinet Office, the role of the Cabinet Secretary and, dare I say it, the role of the Cabinet and secretaries of state. It would be a recognition and a formalisation of what Britain is moving towards,

definitely. You do get the old romantics. They want to go back to cabinet government. They have this idea of a mythical age of cabinet government and a different kind of Cabinet Office. It is really between changing both of these. It is interesting to look at Australia and Canada, which have kind of prime ministerial-cabinet-parliamentary systems. Cabinet and its Cabinet Office equivalent have been in decline and both have moved towards the creation of strong Prime Minister's Departments. I do not know whether my co-author and good friend Dr Anthony Seldon will speak to you at some time, but he has made the recommendation that it would be good to look at some other exemplars of British-type political arrangements, of how they are dealing with these questions. Because, as Professor Smith has said, the problems of co-ordination, of joining up departments with very long histories and long-established pools of wisdom and so on—these are ever-present and they are probably getting more intense as government is moving out into new fields. Many departments go back 50, 60 years and some of them go back centuries; and if you were starting British Government as of now to deal with the particular problems of the elderly or single parents, inner city problems and so on, you may well end up with a very different departmental structure than the one that was formed by and large before 1914. Someone raised the question about the coming and going of departments, the merging of departments, the separation of departments and so on. It is a very British style of intuitive, *ad hoc*, incremental adaptation. That is the essence of the British constitution. We all know that. But I have to say that if you were starting from now, you probably would start off with a powerful Prime Minister's Department and probably short-term departments, set up to deal with particular problems; then they may be wound up after 10 or 15 years, as the problems redefine themselves.

Professor Smith: The other big difference between Britain and Australia and Canada is that they are federal systems, and so Prime Ministers do not get bogged down in questions of whether street crime has gone up in South Yorkshire.

Professor Kavanagh: Britain is moving slowly towards a quasi-federal system.

Professor Smith: Maybe the fundamental problem for the failure of co-ordination is that British Government at the centre tries to do too much. If more of it was done in the localities, they would not be bogged down in all these particular little issues.

Q64 Lord Rowlands: I gather that we have one definitely for, one half and, Professor Smith, I am not sure where you stand on the question of a Prime Minister's Department.

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Dr Heffernan: We have one already. It is simply formalising it and then making the Cabinet Office do a better job of doing what it should do.

Q65 Lord Rowlands: Would not the advantage of a Prime Minister's Department be that there would be a corresponding select committee to scrutinise it?

Dr Heffernan: Yes.

Professor Kavanagh: Of course.

Q66 Lord Rowlands: You can establish a line of accountability.

Professor Kavanagh: You would have to.

Q67 Lord Peston: I was going to ask a question about what improvements you would recommend to the centre. Do I understand it that you feel, all three of you, you have answered that question? You have given us your improvements?

Dr Kavanagh: Lord Peston, I do not know whether you are anticipating question 9.

Q68 Lord Peston: Yes, that is what I am doing, in order to save time.

Professor Kavanagh: Can I answer very briefly? I have four points but I will mention only one. I think all the worries, all the plans for creating new machinery and creating new units for co-ordination can never compensate for poor policy, lack of good judgment, lack of political will/authority, and weak departmental leadership. We do not talk about those, but you can draw up the most perfect schemes, like you drew up Westminster-type constitutions in many newly independent African countries in the 1950s and 1960s, and they just disintegrated. Peter Hennessy last time was quoting his colleague Tony Wright's lecture that he had given about political culture, which was much more important than changing rules, conventions, and so on. That is what I would come back to. I do have other recommendations, but essentially that is what it is.

Dr Heffernan: I have two, if I may be so bold. If there is a formalised department of the Prime Minister created, I think that the Cabinet Office role should be seen, whatever its title, as a kind of department of public service. Presently, the Cabinet Office identifies six departmental strategic objectives. The first one is "To build an effective UK intelligence community". That would be by the Cabinet Office. "Improved outcomes to the most excluded people in society and enable a thriving third sector"—that was an objective done by the Cabinet Office. So too "Building the capacity and capability of the Civil Service to develop the Government's objectives". At present, we hide the Civil Service away, since we abolished the Civil Service Department. It is a lot of work for the Cabinet Secretary in addition to his or her other responsibilities. I think that there is an argument to

regularise that within the Cabinet Office. "Promote the highest standards of propriety, integrity and governance in public life"—that would be a responsibility for a Cabinet Office. I have one other general point. When I was preparing to come here today, I looked at the list of Cabinet Office ministers who had had the title since 1997. There are 12 of them. That is one for every year. It is seen as the most junior position of the Cabinet. It is not a Secretary of State. There is an argument that, to reform the centre, you would create a much more powerful position for a ministerial head of a reformed Cabinet Office. Sir David Clark was the first one and essentially was the deputy to his deputy, Peter Mandelson—because politics will always take precedence. That is necessary and inevitable. However, it is a place where, as I said before, those on the way down go, Hilary Armstrong and Jack Cunningham—I mean no disrespect; I am just observing career trajectories—or those on the way up, John Hutton, Ed Miliband and Liam Byrne most recently. But I cannot imagine that you would be able to get as the head of the Cabinet Office, as the Minister for the Cabinet Office, any ability to work out how the Cabinet Office itself works, let alone co-ordinate or help co-ordinate government when having a post for less than a year. It is an absurdity that we reshuffle now for the sake of reshuffling, or sometimes for the sake of our political lives—which is absolutely necessary, and that is politics—but I think that that is one issue that your Lordships' Committee may wish to consider. The turnover of Cabinet Office Ministers, and that it is a place on which you perch on the way up or on the way out, is not really helpful for the work of the Cabinet Office in terms of dealing with the three functions it has at present, given that the lines of accountability are skewed and that the role of the Prime Minister in helping co-ordinate its work is now pretty much its principal function

Q69 Lord Lyell of Markyate: I agree with that and I agree with Professor Kavanagh about the importance of judgment, policy and will. However, I am sceptical about a large Prime Minister's Department that tries to do everything. My short ministerial experience was in the Department of Social Security. That is incredibly detailed. It takes time to realise that the difference between those who are paying for the social security and those who are getting it in income, on general terms, is tiny; the tapers, and all that sort of thing. You have to have a department which is steeped in it to make the country work, and I think that goes to other departments too.

Professor Kavanagh: I gave a very conditional assent to the idea of a Prime Minister's Department. My first recommendation that I jotted down was "trust the departments", because they are the repository of experience, of staff, of knowledge, with people on the

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frontline, knowledge of the pressure groups, et cetera. The Prime Minister may have one or, if he is lucky, he may have two people advising him on that particular area, and it is a mismatch; it is ridiculous. There is this danger. Some departments do feel cut off from Number 10. They do not get phone calls. They only get phone calls when there is a problem; perhaps a media-generated problem that Number 10 has to deal with. Then they come to the department running. I think that a real problem, as with the US presidency, is that if you create a powerful centre, it would probably increase the distance between the centre and the decision-making body in the departments. I think that would make for bad governance. Basically, I would agree with you. It would be particularly acute in certain departments, like social security. I would strongly endorse the point that Dr Heffernan raised. Studies have been done about the turnover of ministers in this country—

Q70 Lord Rowlands: Dr John Reid, for example.

Professor Kavanagh: He had seven jobs in six years! It is not just the Cabinet Office. The Cabinet Office is an illustration of a general problem. Ministers, on average, serve for less than two years. It means that they have been spending a couple of months learning the job, and the last few months they are reading the newspapers about the way they are on their way out! Can you think of any other walk of life—a university, a school; a bank is not a good example!—but any of the other great areas of life where there would be such a turnover of its chief executive, or where the short-lived chief executive was meant to make a difference? If you are the Prime Minister and you are turning them over so rapidly, it seems to me that you are not expecting very much of them.

Professor Smith: Actually this goes to a deeper problem which has come out in some of the other questions, which is about the adversarial nature of British politics, so that so often the role of ministers is actually not about making policy but about defending their decisions, defending themselves and defending the Government. As a consequence of that the decisions that are made about removing ministers then are political decisions, they are not policy decisions, but that opens up a big Pandora's box.

Q71 Lord Norton of Louth: If I can pick up on a point that Professor Kavanagh has touched on and we were dealing with earlier. You have identified this tension at the centre but there is also tension between the centre and departments, which has clearly changed quite significantly over the years. We have some idea of the sense of what is happening but what should happen, what would be the ideal relationship between the centre and departments? Is the centre role really that of co-ordination, is it that departments, as Professor Kavanagh was just

indicating, should be the prime movers in policy-making or should it be somewhat different?

Professor Smith: Again, to some degree it goes back to a big constitutional issue about in a sense what the rules are, what should be the functions and responsibilities of departments and what should be the functions and responsibility of the Prime Minister. Part of the problem is, again, the idea of cabinet government. We had a solution to that in the sense that the Cabinet sat there and made decisions and departments implemented them, but we know that never really happened. I think the problem now is that departments have built themselves up as extremely strong organisations in the sense, as Professor Kavanagh said, that they have the expertise. Often the ministers have high degrees of authority and what you then get in a sense is a power battle between an increasingly powerful Prime Minister's Office and departments of varying strengths, and unless that relationship is worked out it is very difficult to resolve that.

Q72 Lord Rowlands: A question which I had not really thought about until a few minutes ago when you were talking about centralisation and decentralisation is to what extent does devolution have an effect? There are three parts of the kingdom where all sorts of policy are no longer the responsibility of central government. Do you think the whole of this argument or the issues we have talked about have taken into account and been able to understand the consequences of devolution?

Dr Heffernan: The fact that it meant for Tony Blair that he did not get blamed for NHS failures in Scotland was probably a source of strength to him really; the fact that if you devolve authority you also devolve responsibility. That is why comparing unitary states to federal states is an interesting way of working out how centres operate, but ultimately the role of Whitehall is to set the agenda and for good or ill, whether we like it or not, it falls to a politically successful and electorally popular Prime Minister to do that on behalf of his or her party. There is a model of leadership now which has been established; political parties are now hollow shells of what they previously were, inevitably, and that is a comparative process. David Cameron, if he is to become Prime Minister, will operate according to the Blair mark one model par excellence; Gordon Brown if he were more powerful would do so as well—he was a very authoritative Chancellor and is still a powerful Prime Minister despite his travails in recent time. But I do think that if the centre does set the policy agenda through the interests of the government then creating a Prime Minister's Department—I will not hammer on about it again, we have moved on I know—would help the Cabinet Office to then agenda set on behalf of ministers. It may well then play a role in which it

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communicates from departments to the centre and from the centre to departments—it is a clearing house of ideas in a way—and I do think that Dennis’s advice is very sensible: one should trust the departments. Inevitably in contemporary politics there will be issues on which the Prime Minister will feel obliged or be obliged to take an interest and in Tony Blair’s pomp, as I said earlier—the phrase is in one of Peter Hennessy’s books on the Prime Minister—“Tony wants” was the watchword, everything fell into place if it was capable of falling into place. That is inevitable. I would like to go back to cabinet government where everybody sat around for eight hours—Tony Benn is always going on about it—having wonderful discussions, putting in papers: those days are gone, they are not coming back, so your Lordships’ Committee would be advised, if I may be so bold, to recognise that reality. In identifying the fact that the Prime Minister is the major player you can then think about ways in which the centre can check or balance him or her and the way in which Parliament then can check or balance an executive which is hierarchical, which is operating on the basis of concentric circles. It has always been the case, there is nothing new in this, there has always been a hierarchy in government but it is a more obvious hierarchy now and the Cabinet Office’s problem is that it is caught between two sticks, supporting the rest of government and supporting the Prime Minister.

Chairman: Gentlemen, you have covered the ground extremely comprehensively; Lord Rodgers, did you want to ask one final question?

Q73 Lord Rodgers of Quarry Bank: Can we think of think tanks and of policy units and things of this kind. We have not talked much about it, but going back not only over the last 30 years but further back as well there has been a constructive tension, if that is the right word, between the outsiders brought in, some more independent than others. How far has this been a relationship which was useful, more creative or not? Has there been more creation and more tension over the period?

Professor Smith: Again this goes back to the Fulton Report in a way and the fact that civil servants were identified then as generalists and not necessarily experts in particular policies, and I think in a way the think tanks and the external advisers have to some degree filled that vacuum. It is actually a positive thing for the country and if we had more debate within government, not just within Parliament, a more open debate about what the policy options were, what practicalities, what different ways are there of thinking about issues. Again, that goes back to moving away from adversarial politics because of course adversarial politics leads politicians to keeping everything in and not actually opening up

the policy process and not letting different actors and institutions into it.

Q74 Lord Rodgers of Quarry Bank: Going back for example to Ted Heath’s period with Lord Rothschild at that time?

Dr Heffernan: Yes, *Minister* has done a great disservice to the practice of central government. When I was an undergraduate we would have lectures on the civil service, we would endlessly rehearse the stories about Sir Antony Part’s battles with Tony Benn and the Department of Industry, that the civil service was a block on reform, that it said “No”. I actually think that over the last 25 years the civil service has got very good—perhaps too good—at saying “Yes, minister, what is it you want us to do?”, so there is a real suggestion of being open to advice, to discussion and a permeation from without Whitehall that helps Whitehall work its business. That is to be encouraged. Going back to special advisers, ministers should be advised to take on more technocratic special advisers, people who come in to advise on the expertise they have—not to leak or brief or to bag carry as is often the case now, to help the minister with his or her political work. Of course there is a very interesting study—John Keene has recently published a 950-page book on democracy, rather long, but the executive summary of it suggests that he thinks one of the developments is that contemporary politics is about a monitory democracy, where there are lots of checks and balances from without. Liberty is essentially an external arm of the Home Office and the Ministry of Justice now because it will shout when they do things and we as citizens will take notice, which influences the way in which politics works. That would probably need to be encouraged, one might argue, although there are problems with it. I think this is to be encouraged, it is a positive sense and that is one thing the Department of Public Service could actually encourage if the Cabinet Office had a different function.

Professor Kavanagh: Can I briefly pick up Lord Rodgers’ point? The Civil Service has shown itself to be, over the last 20 or 30 years, much more open to outside advice. There is competition of ideas, there is more plurality in policy ideas and many more links with think tanks outside the UK. Lots of policy ideas have come from the United States, from the Netherlands, from Scandinavian countries. What is interesting is Mrs Thatcher who, early on, made great use of the free market think tanks in large part to challenge the established lines of policy in certain departments; Mr Blair as well, since 1997, also made use of the think tanks. What we have not talked about today of course has been the role of the Strategy Unit which brings in lots of outsiders—I am thinking of Lord Birt on transport, Ayling on

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pensions. The Strategy Unit has provided a vehicle for the Prime Minister to bring in outside advisers and go and talk directly to senior civil servants, to experts in the field and, if I can end on a controversial note if we are drawing to an end now, some of these papers were personal to the Prime Minister and

neither the Secretary of State nor the Permanent Secretary had sight of them.

Chairman: Gentlemen, thank you very much indeed for joining us this morning and for the evidence you have given. It has given us a great deal to think about; thank you very much.

WEDNESDAY 17 JUNE 2009

Present	Goodlad, L (Chairman) Morris of Aberavon, L Norton of Louth, L Pannick, L Peston, L	Quin, B Rodgers of Quarry Bank, L Rowlands, L Shaw of Northstead, L Wallace of Tankerness, L
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Memorandum by Sir Richard Mottram

INTRODUCTION

1. I offer my comments having worked closely with the Cabinet Secretary/head of the Home Civil Service in my departmental roles and served three times in the Cabinet Office:
 - in the defence and overseas secretariat in the 1970s when “Number 10” was much smaller than now, the Cabinet Office was focused on its co-ordination role, and the civil service was the responsibility of the Civil Service Department;
 - as the Permanent Secretary of the Office of Public Service and Science (OPSS), within the Cabinet Office; and
 - as Permanent Secretary, intelligence, security and resilience and chairman of the Joint Intelligence Committee, again reporting to the Cabinet Secretary.

HISTORY

2. The 1970s were certainly a golden age for cabinet government, compared with more recent times. They were, of course, also a time of serious failure for the United Kingdom as a country and for its system of government. The central government machine on that model was I think curiously unbalanced. Number 10 was seriously understaffed but the best officials there had considerable influence; conversely, the Cabinet Office had senior staff whose talent and experience risked being under-utilised.
3. A number of trends have had impact since then and accelerated since 1997:
 - for a number of reasons the Prime Minister has become more important relative to other ministers;
 - Cabinet has largely ceased to be a forum for the despatch of business, as opposed to a means for sharing information. Business is still despatched through committees but also is dealt with more informally;
 - at the same time the number of intractable issues that need effective cross-government co-ordination may be growing. A variety of models have been used to tackle them including units at the centre and in lead departments. What might be termed the traditional form of co-ordination through interdepartmental machinery led and supported by Cabinet Office staff has increasingly been called into question as lacking sufficient drive and capacity to deliver;
 - the reach of the Prime Minister has been extended, particularly into public service delivery and the effort to performance manage the work of departments. The devices to support this have also had mixed success.

OBJECTIVES, ROLES AND RESPONSIBILITIES

4. In thinking about the centre it is difficult to disentangle the roles and responsibilities of “Number 10” and “the Cabinet Office”. While they are geographically distinct (with the Prime Minister’s immediate staff in Nos 10 and 12) and the Cabinet Office principally located in 70 and 22 Whitehall), this separation can impact importantly, and unhelpfully, on the conduct of business. Number 10 is part of the Cabinet Office for public expenditure planning purposes and its HR, IT and other services are increasingly part of a single group for efficiency and effectiveness reasons.
5. More fundamentally, the responsibilities of Number 10 and Cabinet Office staff are not neatly separable between supporting the Prime Minister and supporting collective government. The Cabinet Office identified six strategic objectives in the last spending review that are listed below. I have added in *italics* an indication of the ministers Cabinet Office staff principally support in discharging these objectives:

- support the Prime Minister and the cabinet in domestic, European, overseas, and defence policy making (*Prime Minister, other ministerial chairs of committees, Cabinet collectively*);
- build an effective UK intelligence community in support of UK national interests (*Prime Minister, home secretary, foreign secretary, NOT Cabinet Office ministers*), and the capabilities to deal with disruptive challenges (*Prime Minister, other lead Ministers, Cabinet Office ministers*);
- ensure the highest standards of integrity in public life (*Prime Minister*);
- transform public services so that they are better for citizens staff and and taxpayers (*Prime Minister, Cabinet Office ministers*);
- build the capacity and capability of the Civil Service to deliver the Government’s objectives (*Prime Minister as minister for the Civil Service, Cabinet Office ministers*); and
- drive delivery of the Prime Minister’s cross-cutting priorities to improve outcomes for the most excluded adults in society and enable a thriving third sector (*Prime Minister, Cabinet Office ministers*).

6. The conclusions to be drawn might include:

- there is no neat separation between the interests of the Prime Minister and Cabinet collectively and such separation in functions and ministerial responsibilities as can be drawn is not reflected in the current split between Number 10 and the Cabinet Office in organisational terms;
- the Civil Service task needs to be done at the centre but not necessarily in the same department as the other tasks; and
- it is not obvious why social exclusion and the third sector sit at the centre while other crosscutting tasks do not, other than as a question of signalling of current political importance.

ORGANISATION AND STAFFING OF NUMBER 10 AND THE CABINET OFFICE

7. The organisation and staffing of the Cabinet Office group has changed substantially to reflect the trends discussed earlier:

- There has been a considerable increase in and upgrading of staff since 1997. A Permanent Secretary now heads Number 10. Within the Cabinet Office senior staff have proliferated or been upgraded.
- There has been an influx of special advisers and their influence has grown relatively to the Civil Service. When last reported there were 24 special advisers in Number 10 (of whom four had salaries equivalent to a Civil Service director-general and another 11 equivalent to posts in the Senior Civil Service).
- Staff and units that want to be influential have tended to seek the mantle of the Prime Minister’s name in their title and physical proximity to the Prime Minister (the “West Wing” syndrome).
- “Sofa” government and decisions based on the dynamics of a court are real risks within Number 10.
- As a generalisation, developments since 1997 have at times significantly weakened the Cabinet Secretary’s role as a strategy and policy adviser at the heart of government. The post of Cabinet Secretary/Head of the Civil Service/ permanent Head of the Cabinet Office is seriously overloaded. It is conventional wisdom that the Cabinet Secretary and Head of the Civil Service roles should be combined but they require different skills and experience and the logic and implications of combining the roles need more testing. Attempts have been made to help tackle overload by vesting significant responsibilities in another Permanent Secretary in charge of public service change (as in the 1990s) or more recently the cluster of intelligence, security and civil contingencies but these arrangements are no longer in place. This makes the overload problem worse.
- As the Cabinet Office has grown and new units have come and gone, it has struggled to have a clear identity and be more than a confederation, though much good work has been done to tackle this including through its capability review. Useful work has also been done on the relationship between the centre and departments (through the review headed by Suma Chakrabarti).

SOME IMPLICATIONS

8. More needs to be done to clarify the respective roles of the centre and departments. It can be argued that the centre has been weak in aspects of the functions only it can perform (ministerial appointments and training and development, government-wide strategy, resource allocation, handling of cross-departmental issues) while over-centralising in other respects (public service reform and micro-management of essentially- departmental issues). The evidence from the Better Government Initiative addresses some of these issues.

9. In terms of organisational and “constitutional” issues we need a centre that supports the Prime Minister and sustains collective government; and where decisions are taken on the basis of evidence and analysis, are effectively disseminated, implemented and, in due course, reviewed to see if stated objectives have been met.

10. A number of organisational models can be considered to achieve this but a distinction might be drawn between those that:

- more explicitly recognise that Number 10 and the Cabinet Office are a single group with staffs serving both the prime minister and collective government—A “Department of the Prime Minister and the Cabinet”: or
- attempt to separate out the Number 10 and Cabinet Office roles more explicitly, with the latter a champion of Cabinet government.

11. The first is difficult to achieve explicitly because it is likely to be presented politically and in the media as enhancing prime ministerial power and centralising. Experience suggests the second would not reduce prime ministerial power relative to cabinet but might further encourage the development of Number 10 as a separate organisation, heavily influenced by special advisers, with decision-making not well structured, and somewhat divorced from the wider government machine.

12. I would favour:

- a Department for the Prime Minister and Cabinet, with the Cabinet Secretary clearly the Prime Minister’s principal official adviser;
- more work on the essential roles to be performed at the centre and the organisational and process models needed to discharge them successfully;
- as part of this, addressing the overload problems affecting both the Prime Minister and the Cabinet Secretary/Head of the Civil Service; and
- more transparency on the roles, and limits on the number, of special advisers at the centre.

15 May 2009

Examination of Witnesses

Witnesses: LORD BURNS GCB, a Member of the House, former Permanent Secretary, HM Treasury and SIR RICHARD MOTTRAM, former department Permanent Secretary and senior official at the Cabinet Office, examined.

Q75 Chairman: Lord Burns and Sir Richard, can I welcome you most warmly to the Committee. Thank you very much for coming. We are being televised and recorded so could I please ask you to formally identify yourselves for the record.

Lord Burns: I am Lord Burns.

Sir Richard Mottram: I am Richard Mottram. I used to be a civil servant and worked three times in the Cabinet Office.

Q76 Chairman: Thank you very much indeed. Can I kick off by asking which key constitutional issues you think the Committee ought to have in mind in our inquiry into the role of the Cabinet Office and central government?

Sir Richard Mottram: I think there are four of probably slightly different character and importance, but the first is, and you will probably spend quite a bit of time on this, the relationship between the Prime Minister and the Cabinet and the roles of Cabinet committees and departmental secretaries of state. There is a whole cluster of issues there which it seems to me are important. The second is the impact of devolution, which perhaps we are only now really beginning to see the full effect of, where we have

devolved governments of a different political party from the Government in Westminster, and I think that has important implications. The third area I touched on in my evidence, which I certainly think is important but whether it qualifies as constitutional I do not really know, is the relationship between ministers, special advisers and civil servants, because all of that I think has developed in different ways in departments and in the centre and could further develop in ways that are “constitutional”. Lastly, I would just touch on the relationship between the executive and the legislature because, although this has not always been the case, now in the Cabinet Office you have the leaders of the House of Commons and the House of Lords, and so the agenda going forward on the relationship between the executive and the legislature and how we might somewhat change the balance and make the whole process of legislation more effective and so on—all of that will now rest, I think, inside the Cabinet Office and more clearly I think is seen now as a central function of some importance.

Lord Burns: I did not work in the Cabinet Office; I only worked in the Treasury. My perspective on this was the Treasury’s relationship with the Cabinet Office and how we worked together in terms of the

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Lord Burns GCB and Sir Richard Mottram

design of government strategy and the financing that went along with that. The issue that I was most familiar with, which might very broadly be described as a constitutional issue, is the first of those that Sir Richard mentioned. That is how far should the centre be about the design and co-ordination of government strategy and the monitoring of progress against that strategy; how far should the centre itself get into the executive activities of departments; and to what extent, when it was trying to deal with cross-cutting issues, it should find itself in the lead on questions and how far it should be pulling together the contributions of other departments. It is always a very difficult borderline, but the issue of the capacity at the centre I think does have a lot to do with how far it has a co-ordinating role and how far it has a role which is rather wider than that. I suppose I saw over the time that I was in the Civil Service a move from the first a little bit more towards the second.

Q77 Lord Morris of Aberavon: Could I ask in particular, Lord Burns, about the role of the Treasury? Man and boy I am used to so many bills being put forward and clauses with consent from the Treasury. The Treasury is part of the centre. Has it increased or decreased in influence? My memory goes back to the 1960s when I was a junior minister looking after equipment in defence and, whilst we were very good at second-guessing things which were easy to understand, in transport or in nuclear power, huge projects of that kind, your ability to second-guess was somewhat limited.

Lord Burns: If you look back over 100 years, the role of the Treasury, of course, has changed to some degree but I do not think it has changed significantly in terms of its overall importance or impact upon government. Once upon a time most of the heads of finance in the departments of government were Treasury people who were out on secondment. The Treasury really kept a stranglehold then not only in terms of the figures but also in terms of the people. What has happened, of course, over time is that the departments have developed much more capacity themselves in terms of finance. An issue I had as Permanent Secretary during much of the nineties, was trying to find a balance between the extent to which the Treasury was involved in the nuts and bolts of this, and the extent to which they would be second-guessing and looking at every line of expenditure in great detail; and the extent to which we were really trying to spend more time on the priorities of government, what you might think of as the strategic objectives of government, and trying to develop relationships with the Treasury so that there was more power left with the departments about the use of the money. Whenever times are tough, whenever it becomes difficult, whenever there is pressure upon expenditure, I am afraid the Treasury tends to

exercise its muscle, and, of course, it has muscle. I have to say that I think it is very important that it should have. Because in a system where you have got a lot of departments which have themselves a lot of legal powers, where very often they have their own agendas which they wish to pursue, someone has to be able to hold the finances together in a way which meets the Government's overall financial objectives. It is a very flat form of organisation, I suppose, in modern management parlance. You have got a huge Cabinet. The methods by which decisions are taken about priorities are not always as clear as they might be and the Treasury is having to play an important role in making sure that out of that process you get something where total levels of expenditure are consistent with what it is the Government wants to achieve. I would say, the role of the Treasury tends to go a bit in waves, its influence and the way it conducts its business, depending upon the general economic climate.

Q78 Lord Rowlands: How much do you consider 1997 to be a kind of watershed? How much of a change took place post-1997, or were these trends already existing?

Sir Richard Mottram: I think there were some significant changes post-1997. Just to say a word about pre-1997, if we are thinking about the relationship, let us say, between the Prime Minister and the Cabinet, rather like the point that Lord Burns was making about the Treasury, I think that fluctuates. If we think about the Thatcher years versus the Major years, that was a very different relationship, so these things change. What I think happened after 1997 was that there was a shift in the power of the Prime Minister relative to departmental secretaries of state and there was a shift in the power of the Prime Minister relative to the Cabinet, and I think there was a shift in the Prime Minister's interest in the mechanisms of collective government and all the machinery and paraphernalia that went with that. I do not think Mr Blair was very interested in that. There was also, I think, a further significant shift in the scale of Number 10 and the way in which Number 10 was staffed. A lot of outsiders were brought in. This may or may not be a good thing. Some of them, as we know, were given powers of direction over the Civil Service but the balance of official advice versus advice from special advisers in Number 10 also shifted. All of those things, I think, led to a Number 10 Downing Street that was more powerful relative to the rest of the system, was less interested in formal processes of decision-making, was more dominated by special advisers and less dominated by officials, and reached the point, I think, where it thought it could deal with lots of issues in a sense internally. It was no longer sitting on top of an organisation, interacting always with departments, solicitous to

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their concerns and so on. It had some characteristics which were much more internally focused. The last point I would make is that, of course, the other striking thing about the Government post-1997 was the power of the Chancellor of the Exchequer relative to departments. We certainly had a very powerful Prime Minister; we also had an extremely powerful Chancellor of the Exchequer, and if you were a departmental Secretary of State, and I spent most of the period between 1997 and 2005 in various line departments, then in order to move issues forward you had to make sure—and this was a challenge for the Permanent Secretary—there was alignment between the Prime Minister, the Chancellor of the Exchequer and your Secretary of State. I think that was a different pattern from the pattern that I agree was seen, say, pre-1997, so that was a significant shift. Now that Gordon Brown is the Prime Minister I think the power of Number 10 relative to the Chancellor of the Exchequer has probably shifted back a little bit more to what we might regard as a more normal balance.

Q79 Lord Wallace of Tankerness: I was interested, my Lord Chairman, in what Sir Richard had to say about how one of the key functions of the Cabinet Office today should be to monitor the impact of devolution and I just wondered if you could elaborate on what you see the Cabinet Office doing, what its objective might be in that particular role.

Sir Richard Mottram: I think it has an objective which is to ensure, as it does in its honest broker role between departments, that relations between the government in London and Whitehall and the devolved administrations operate smoothly within the framework of the devolution settlement, and it does that and there are very good relationships, certainly on the Civil Service side, and a lot of good relationships on the ministerial side between the various players in London and Edinburgh and so on. Secondly, I think over time this relationship will probably change further and that is going to open up some interesting choices for the Government.

Q80 Baroness Quin: Following up Lord Rowlands' question, I am trying to work out whether this shift that was identified after 1997 was irrevocable or whether it was simply tied in to the particular personalities of the time, obviously, the personality of the Prime Minister but also, as was pointed out, the interesting duopoly between the Prime Minister and the Chancellor of the Exchequer. I am wondering whether the system is not just infinitely flexible, therefore it adapts to the key personalities of the moment, or whether there are certain things in the system which determine behaviour irrespective of the personalities.

Lord Burns: I think it is both of those. There are some elements of this where there have been some trends. I think the issue of particular personalities was important. The other point though that I would make, and it relates to the second, is that there is a tendency when you have a new government, in my observation, that in the early days they wish to continue to do things in some ways as they have been doing them in opposition. After all, they have been very successful when they have been in opposition because they have just won an election, so they feel they now have to conduct business, and in opposition, of course, you tend to have two or three figures who are really quite important in that. When they come into government there is a tendency for some of those practices to continue for a period, and I think the interesting thing then is how the Government, in a sense, adapts to the system and begins to interact with the Civil Service and begins to interact with the machinery of government. I joined the Treasury shortly after the 1979 Government came into power. I saw some of the same things then. What I would say was surprising about 1997, certainly until the point at which I left, was how little it had adapted itself to the machinery and to the officials. In a sense it was continuing to behave for a longer period in the way that it did in opposition. So less business went through the traditional channels with the minuting of meetings, more was done in *ad hoc* groups. There was less sharing of the results of those meetings with officials, and more issues were handled through special adviser channels rather than through the Civil Service. But I left in the summer of 1998. I did continue to have contact, of course, as a result of various reviews that I did with some departments and I think I could see that carrying on. But my hands-on experience runs out at an earlier point than Sir Richard's.

Sir Richard Mottram: My hands-on experience runs out in 2007. I think those trends did continue but the way in which the machine operated, and we may want to talk about this, did fluctuate and the balance between official and non-official advice, the balance between what I would call proper decision-making and decision-making of a rather fluid and informal kind, changed at various times. If I could make a second point, there has obviously been a secular trend towards the role of the Prime Minister being more important, for all sorts of reasons that the members of this Committee are more expert on than I. Within that trend I think the relative power of the Prime Minister and members of the Cabinet shifts around. I think we might have seen some of that recently. The power of the Chancellor of the Exchequer I think was a very unusual thing which related to the history of how the Labour Party developed in opposition and the talents of the then Chancellor of the Exchequer. The third point which I

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would put on the table because I think it is relevant is that, if you have a long period in opposition, when you come back into government the Government is largely populated by people without any previous experience of government, and I would say—and I can speak a little bit about the Prime Minister, I cannot speak as well about the Chancellor of the Exchequer—that having never been a departmental minister is a significant gap in experience if you are at the top of the Government. I do not wish in any way to be disrespectful to the then Prime Minister or the present Prime Minister; both have treated me extremely well, but on occasion I felt they did not really understand what departments did. I was a departmental Permanent Secretary. I did not feel they necessarily understood the whole range of activities that departmental Secretaries of State and departmental permanent secretaries were engaged in, nor some of the choices that had to be made at the departmental level, and therefore on any given day they were simply 110% focused on whatever the Prime Minister felt was the most interesting thing to discuss that day. Therefore, ideally—and there is no magic solution to this, obviously, the electorate choose when the Government is to change, which is pretty important—you would have ministers at the very top who had had previous departmental experience. The other reason why I think this is important is that if you have worked in a department, as many people here have, I think you develop quite a good understanding of the roles of the Civil Service, of the role of the Secretary of State, let us say, in relation to the permanent head of the department, of the whole dynamics of how a department works, and that is quite a different experience, I think, from the way in which they came into office along the lines that Lord Burns described, and continued very informal mechanisms which were not necessarily fully connected up to this huge machine which they did not necessarily quite understand how it worked because they had never worked in it previously. I think that is just a problem we have to address.

Q81 Lord Peston: Everything you say is significant, talking about people and civil servants and ministers, but do you not run into a problem that economists have, that if you look at public expenditure relative to GDP and you say “Can you look at that time series and tell me who is in power then, then and then?”, economists have discovered that you cannot. For example, you come up with the fact that when Roy Jenkins was Chancellor that must have been a Conservative government, et cetera. Do not the macroeconomics of this also come into it? In other words, there are much deeper forces at work in relation to who happens to be in which department or what experience they have and so on. I do not say that in order to dismiss what you are saying because it is

fascinating, but there is something more going on here in the course of nature, is there not?

Lord Burns: I made the point in my opening response that part of the ebb and flow of both the role of the Treasury and the way it does it and the influence of the Treasury have a lot to do with macroeconomic events. Because when it is a requirement to contain the growth overall of public expenditure, that drives a style of operating of the Treasury which does not necessarily match that in other circumstances. I think the overall macro environment has a lot to do with these patterns of behaviour because, particularly in difficult times, the Chancellor and the Prime Minister have to stick very closely together because you can only operate the public expenditure system by both of them working in parallel. That then sets up a certain dynamic in terms of their relationship and the way that the centre interacts with the departments.

Sir Richard Mottram: I would just add a point, and this must be very frustrating for ministers, but a lot of the hand you are dealt as a minister, particularly if you are the Secretary of State for Defence or you are the Secretary of State for Transport or whatever, is a hand that was dealt by your predecessors. The art of the process is, I think, to understand that, to understand that you are really hemmed in by the fact that, particularly on the capital side, there are lots of long-term decisions and the hand you inherit is just about it for the first two or three years, and I think ministers found some of that very frustrating after 1997 but it is a reality. Therefore, the best you can do is think about how you can adapt that hand to the environment and set the course going forward. The reason why I mention this is that I do not think ministers necessarily understand the time frames—and this is nothing to do with officials necessarily; this is not ministers versus officials—through which decisions are taken and implemented and your capacity to alter that process and the number of changes to it you can adopt at any one time. I think that led to some of the frustrations in what happened post-1997 and some of the behaviour that was not necessarily constructive.

Q82 Lord Rowlands: In my parliamentary lifetime I have had the cry that we have to have joined-up government as opposed to the departmentalism that you have in some ways been extolling. Has there not been a search since 1997 to try to find a way of having joined-up government, and it may have failed or it may be defective but was it necessary?

Lord Burns: I agree. I think some of the working methods that have evolved have been in the search for trying to find joined-up government. It has been one of the things that has tended to push power towards the centre. There are various ways of dealing with some of these cross-departmental issues. One is to try to set up a machinery which operates for a particular

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project or over a particular period of time, and you get people together from different departments and then, when the issue is done, you find a way of dismantling it. Or you have a system of Cabinet committees which comes together to try to deal with the issues across departments. What I have sensed has been happening of late though is that there has been a bit of a tendency to set up units within the Cabinet Office to deal with some of these things which have then become permanent units and which have taken on a certain amount of executive responsibility of their own. There are just a few of them but frustration can often occur within the system and you look for easier ways of making things joined up. The reality of life, of course, is that it is very difficult to force things to be joined up. It involves bringing together the people who have an interest and finding a machinery which means that they will work effectively together with some people who are leading that process. And you have to decide the extent to which it has to be permanent and the extent to which it can be temporary, based upon certain projects.

Sir Richard Mottram: I do not want to be misinterpreted in what I was saying. One of the points I made was about the importance of recognising the roles of departmental Secretaries of State and so on. What I really meant by that was that I think government works well if there is clear accountability and, for very large parts of what departments are doing, if the Prime Minister, let us say, or the Chancellor of the Exchequer, in their different ways, have a relationship with the departmental Secretaries of State, where it is quite clear what are the extents of his or her freedom and they are left largely to get on with it, but with some monitoring of what they are doing and of how well they are performing, because that is an entirely appropriate relationship between the Prime Minister and a departmental Secretary of State. That was what I meant, but I very much agree with Lord Burns here. I do think, with the focus of the Government post-1997, that there are serious issues which must be addressed by government and which cut across both the interests of departments and possibly of their capacity either to have the vision about them or to deliver in ways which are in the interests of the Government as a whole. By that I mean that I think there are issues around the priorities of government which can only be determined through a process which engages the centre, the Prime Minister and the Chancellor of the Exchequer, and that I think had good and bad aspects after 1997. Some very good changes were made. It was not necessarily all brilliantly joined up but there was very good change there and that must be right. Secondly, if you have a government which is very heavily focused on delivery down vertical silos, as the British Government can be and as you might

misinterpret my remarks about departments as being in favour of, you potentially get all sorts of behaviour which might seem in the interests of the department but is actually sub-optimal for the Government as a whole.

Q83 Lord Rowlands: Can you give us an illustration of that?

Sir Richard Mottram: You can argue that the way in which we deliver all sorts of services to individual citizens invites them to take the trouble to join them up, so you deliver down a housing chain, you deliver down (as you know from my Work and Pensions experience) a DWP chain, you deliver down a local government chain, and if you are impacted by all those services then, unless the Government really thinks about this, and there is a lot of very good, interesting work being done on this, you are inviting the citizen to join these things up and that is not really a satisfactory basis on which to conduct modern government. So you have to have both horizontal and vertical accountability. Another example would be that you can incentivise departments quite tightly in ways which are really in their interest but actually encourage them to dump on others. I suppose the most classic example of that is the handling of truants in schools or badly behaved pupils. If you set very tight, wholly education-focused targets for a department of education and for schools then the schools will optimise their performance by dumping all the poorer performers onto the system, and there is plenty of evidence that that is what they do unless you devise a system which incentivises them not to do that. There is then a further dimension which has become very important for government and again is right. If you have excessive departmentalism, including in the way in which departments are managed and the choices they make about the way in which they manage themselves, you can have 22 different ways of running a finance system (or however many departments there are) each neatly tweaked so that it suits them, 22 different ways of running their HR system, and when you multiply this up across the whole of the public services you have massive waste because of insufficient standardisation. One of the important agendas for the Government, therefore, which has been worked on and which I strongly support, is to try to find ways of avoiding the “not invented here” syndrome and all this unnecessary specialisation, and find ways in which you can aggregate common services, agree on one or two approaches to a problem, standardise IT across departments and all those things. There are strategy, policy and management-cum-efficiency dimensions to all those things which mean that you have to have central capabilities in those areas and the issue is not whether you have to have them. The

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issue is their character and how they interact with departments in optimising the result.

Q84 Lord Shaw of Northstead: The Cabinet Office states that its three core functions are, first, to support the Prime Minister, secondly, to support the Cabinet, and, thirdly, to strengthen the Civil Service. My first question is, do you feel that what has been happening is strengthening the Civil Service? In the Cabinet Office response that we have received it states that there has been set up a Capability Review which has sought to change the way departments are held to account for their ability to lead, and so my second question is, it seems to me that too often the lead seems to be no longer lying with the departments themselves but elsewhere. What is your view on that?
Sir Richard Mottram: Just remind me of your first question because I was busy writing about leadership.

Lord Burns: Strengthening the Civil Service.

Sir Richard Mottram: Has the work of the Cabinet Office generally strengthened the Civil Service? I would give a qualified yes to that. What I think has happened in relation to the Civil Service, and this applies both pre- and post-1997, is that there has been a much stronger focus on management skills and ensuring that the Civil Service has the professional capabilities it needs in different ways to deliver for government. I think a good deal of progress has been made in those areas and we could talk about some of that. I was involved in a lot of that work in various capacities, including as a departmental Permanent Secretary working very closely with the Cabinet Secretary, and I think some very good work has been done on that. As part of that the way in which departments are populated and the model for selecting and appointing in particular top people in departments has changed, and the Civil Service has become much more open to imports from the outside. I think when Lord Burns joined the Civil Service he was considered something of a special case, for all sorts of reasons. It was quite unusual for people to join in that way and the culture was perhaps dominated by people like me who had joined the Civil Service from university and had had a number of posts in the Civil Service and ended up at the top. All of that has now changed in very significant ways. I think more than 40% of the most senior people in the Civil Service have been recruited quite recently from outside and that, I think, has had good and bad effects. The good effect has been to bring in a lot more necessary expertise. The potential risk in it all is a concern about how far departments necessarily have the depth of knowledge of the activity of that particular department in their top team that they need. You can see the difficult balance there that the Government is trying to strike and there is work in hand on that. If I come to your second question, what

the Capability Reviews were designed to do was to ask departments essentially to review whether they were well equipped to handle the challenges of the future in a number of dimensions, including whether they had strategic capability and so on. The leadership dimension of that is, I think, very important because if you look at the data for attitudes of civil servants towards their managers and so on there are some trends in there which are of concern. Just how effectively the Civil Service itself, working closely with ministers, leads departmental staff to deliver and leads across the boundaries of other public service deliverers is, I think, a very important question, and the way in which the Capability Reviews have been run has essentially been that the centre has facilitated (ghastly jargon!) a process working very closely with the department where the department learns the lessons, working with the Capability Review team, the department goes away and works on improvement plans, the department reports back on how it is getting on. This is not simply a top-down imposed single-type solution, "You will all do it this way in this context and you will all be better off as a result". It is a much more subtle process, a partnership between the centre and departments, and I think the view of departments before I left, and I am still in touch with a number of departments, is that it has worked well and it has improved their capability.

Lord Burns: I very much agree with what Sir Richard has said. The arrangements changed after the end of the Civil Service Department. Some of the responsibilities came to the Treasury, some of them went to the Cabinet Office and then subsequently more of them moved to the Cabinet Office. I think a huge amount of work has gone on in terms of strengthening the quality of the Civil Service. This is an issue that people have worried about, after all, for a long time. If you recall, there used to be the whole concern about the glorious amateur and the whole question of moving people from one job to another who only had skills that they had learned in terms of the jobs that they had done. A lot of effort has gone into developing professional skills, hiring people who have particular specialist skills but also then giving them a career path which enables the professionals also to move through the Civil Service, which once upon a time was not the case. Frankly, it has been important also to develop a leadership group because quite a lot of the people who came into the Civil Service many years ago would have come in because they had particular intellectual skills and they were very good at certain types of activity. But they were not necessarily very good managers and were not necessarily very good leaders. I think a huge effort has gone into trying therefore to broaden the skill set of people working in it. It is in that sense that we think of strengthening the Civil Service. It is not so

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much strengthening it in terms of the inside politics of Whitehall and how that all works. It is simply having a Civil Service which is more professional, is better equipped to deal with modern types of complex problems and is able to give better quality advice and better quality execution in terms of delivery of government policies. I would agree with Sir Richard: I think it is a qualified “yes” in terms of the progress that has been made.

Q85 Lord Norton of Louth: You have established the context in which the Cabinet Office operates and the extent to which that context has changed over time. Given that, what would you say were the key problems that the Cabinet Office have faced during your period in government and since? I can infer some of the problems from what you have already said but if you have established the key issues, the key problems, that the Cabinet Office have faced, what have they been?

Lord Burns: Could I start with a general observation? I think all organisations struggle with the issue of how you have a strong centre which is dealing with strategy and the monitoring of the progress of how the Government is performing but which at the same time is able to delegate as much responsibility as possible (with suitable monitoring) to the departments, and how you then deal with these cross-cutting issues. Everywhere I have worked these issues have been there. I think government has those problems in spades because, as I mentioned earlier on, it is a very flat organisation. There are a lot of departments and it is dealing with a whole series of extraordinarily complex issues which do interact a great deal. The main challenges that the centre has depend on a continuing basis on how it deals with these pressures because government wants a strategy and it wants to be able to bring these things together. It wants then to be able to monitor the progress of its strategy against how events are turning out. That tends to make it want to intervene and second-guess departments on an ongoing basis and yet it knows that the only way that you will really get the best out of departments is by giving them clear mandates, giving them a clear message of what it is you want them to achieve with a clear financial framework in which they can do it, and use the skill and professionalism of the people within that department to deliver it along with these cross-cutting issues. I would say that, certainly all the time I was in the Treasury, those were the issues in terms of the centre as a whole that we wrestled with. The macro environment itself determined quite a lot of which were the issues at particular moments of time. I spent hours with the Cabinet Secretary and with the Principal Private Secretary in Number 10 trying to make sure that on all of these issues we at the centre were trying to operate in a sensible and logical way

whereby, even if there were tensions between certain ministers or there were some particular issues that were difficult, nevertheless the machinery could move along. I would say, in addition to all of the Civil Service things that we have just been talking about, that most of my interaction for the Treasury with the Cabinet Office was on these questions.

Sir Richard Mottram: I very much agree with that. I will pick out three or four areas where I think you face a real challenge in generic terms. One of these which Lord Burns has touched on is the capacity of the centre of government to develop a strategy and to link that strategy to the way in which resources are allocated. That I think is a very difficult thing to do. I would say that the Strategy Unit in the Cabinet Office has been a very interesting development and has done some very good work and has been influential. I think if you compared it with experience elsewhere in the world at different stages its fortunes have probably been different but it is widely admired and I think the present Government made a number of very significant improvements in the way in which public expenditure was planned. We could talk about whether the decisions about the quantum were necessarily right but that is a different issue. There I would say “a qualified success” in what is a very difficult area. Then I think there is a set of issues around how individual problems are handled and decided. There I think the issue would be whether the Government has consistently had what I would like, which is an approach to policy making and its delivery which is evidence-based, where the decisions are clear, where there is a machinery which ensures that everyone who should take part in a decision takes part in it, everyone knows what the decision is and eventually the decision is revisited and re-evaluated so that you have a structured approach to decision-making, and the Cabinet Office should be the exemplar and the custodian of that, working closely with Number 10 and with the Treasury along the lines that Lord Burns described. I would say there that the record has been mixed because the present Government, for example, has not always wanted to have such a structured process, and that I think has been a pity and it has led to some decision-making which has been quite poor. That is subjective: you can argue whether it has been poor or not. It has certainly not been structured or necessarily evidence-based and followed through in a clear way. The third dimension which Lord Burns touched on is how you handle issues which are cross-departmental. These are, I think, very difficult and it bears upon the point that I think Lord Rowlands raised. The Government has experimented with all sorts of different ways of handling those, involving units in the Cabinet Office which then moved out, units in departments, changes in the machinery of government. I can quite see why they have chosen to experiment because this is a

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really difficult problem. Some of the experimentation, I think, has had implications for the character of the Cabinet Office and has made it, I think, quite a difficult place to run on occasion because units come, units go, their fortunes rise, their fortunes fall, issues move around the system in ways which are not necessarily optimal driven by political concerns and the desire of the Prime Minister (and the very good desire of the Prime Minister) for more impetus and direction and drive and all those very important things. Lastly, I would say that the Cabinet Office, working with the Treasury, has taken on an increasing role in performance management in relation to departments, born of the frustration of ministers at the pace of progress, whether in the Civil Service or in the wider public service, in effective delivery. Again, there have been different experiments in how to do this and some have been more and some less successful, for reasons we could discuss, but the question mark there would be whether the way in which those problems have been tackled has sufficiently joined up issues around cost as well as issues around effectiveness and issues around productivity as well as the drive to improve outputs and outcomes. That is an area where I think the Government have had significant success, and some of those units at times have been widely admired. Whether strategically it has produced quite a comfortable result again is a matter that we could all debate.

Q86 Lord Norton of Louth: So from the point of view of making Government effective, the Cabinet Office then is clearly part of the solution, but the other thing, I think more directed to Lord Burns, is that we have got to be careful that it is not part of the problem.

Lord Burns: Yes. I think it can easily become part of the problem and I think the easiest way it can do that is by getting itself too closely involved in the work that should be being done by departments and elsewhere in government, and itself being a rather unstructured place, which Sir Richard mentioned. Organisations that do not have structure by and large in my experience get into difficulty at some point. However, one should not underestimate the scale of the problem, and I am sure you do not. In most organisations you produce a plan, and you go through the work to design a three-year financial settlement. You also have a budget, and that is what you work within for the first year. By and large in government what happens is that a department gets its public expenditure allocation, and everything that it subsequently does, in terms of bright ideas, it regards as being in addition to this. So you have had your settlement and then you go through a continuous process of people having bright ideas about how we will improve this and that, and saying,

“Oh, and, by the way, we need some more money to do this”. The baseline is never considered as being the amount that you are supposed to be working within to develop your initiatives. That is in the nature of governments. It is the nature of the system, and that in itself does provide some extra tensions and extra difficulties, which is why then a lot of work has to take place in trying to hold this all together.

Sir Richard Mottram: If I can just add to that, that sounded a bit like, “A spokesman for the Treasury said . . .”. It seems to me that Number 10, to an extent the Cabinet Office, to an extent the Treasury, have all got involved in the micro interference in little bits of the policy development and delivery of activities in government. I think that once you have settled all these things along the lines that Lord Burns described it is important to have a framework through which you change them which is clear, because if you do not have such a framework you cannot hold the people who are apparently responsible to account for their performance. If various individuals are micro interfering in bits of my department when I am a Permanent Secretary why should I take the blame when things go wrong? It is a very dangerous game and some of the people who play it are quite junior people who really do not understand some of the points that Lord Burns was making. Government is huge, it has to be structured, it needs careful organisational design, the processes are necessarily very complex, and some of the people doing the micro interfering I think do not understand some of those basics of organisation.

Q87 Lord Morris of Aberavon: Lord Burns, early on in your remarks you covered a lot of ground. You said the aim should be a strong centre, an ability to delegate plus monitor, and Sir Richard added an ability to develop a strategy. In your experience of pre-1997 and two Prime Ministers post-1997 is the machine better or worse now? Is there more or less clarity? One of you, I think it was Sir Richard, mentioned informal decision-making in his remarks. Lloyd George had formality. Much later on a minister I well remember excluded civil servants from meetings. Is the machinery better able to cope, given the experience pre-1997 and post-1997, than it was before?

Lord Burns: My view is that in some areas, as we have been discussing, there has been progress with the machinery. I think some of the work that has been done on the cross-cutting issues and some of the work that has been done on the public expenditure side has been an improvement. I think quite a lot of the work that has been done in continuing to strengthen the capability of the Civil Service is an improvement. I think, however, the machinery itself is probably not in as good shape as it was. It is more of an informal structure. I think it lacks the discipline that

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organisations need, in terms of having processes and systems so that everyone knows, about the way the decisions will be taken and the way that issues will be reviewed—who will be present at meetings, et cetera. I think we have moved towards a degree of informality and of lack of structure and the second-guessing culture that Sir Richard mentioned. I do not want to make it sound as though I am opposed to special advisers because I am not and in general I think a lot of the trends that have taken place in that area have been very good. But what the large increase in the number of special advisers has done, I think, has been to increase this culture of interference and second-guessing, because they are sent out as groups to try to hasten the improvements that ministers are looking for. They have become the advance guard of a frustrated politician: “Can’t you sort this out and get something done? Can’t you shake these people up? Why aren’t they making any progress in this area?”. Those things in general do not lead to good decision making, and actually I think detract from the sort of machinery that necessarily has to be in place. In the world that I lived in most of the time in the Treasury we had some very clear rules of engagement. There were ministerial meetings that took place with special advisers at which policy issues were discussed and political issues were discussed. But in all meetings to do with major policy questions special advisers would be present and so would the civil servants who had written the papers. The civil servants would send their papers directly to the ministers and if special advisers wished to comment on them they were quite welcome to do so. Both would be represented at meetings and there would be a clear decision reached out of that process. I would say that what I now see, although I do not see as much of it but to the extent that I do see it, is a much more blurred method of working. At times that works, particularly in terms of getting some short-term results, but in the longer term I think it detracts from the quality of the machine and the collective impact that you get from the whole of the system.

Q88 Lord Rowlands: Sir Richard, in your note to us you make a specific recommendation: “A Department for the Prime Minister and Cabinet, with the Cabinet Secretary clearly the Prime Minister’s principal official adviser”. You would restore the Cabinet Secretary to the golden age when people looked up to him. Is that right?

Sir Richard Mottram: I am always very nervous about golden ages, so I am not trying to restore anyone to any golden age. The reason why I proposed that, and it follows on rather from the point that Lord Burns was making but it may seem rather counter-intuitive, is that I believe that currently we have a sort of halfway house where we have a very large Number 10 operation, heavily dominated to varying degrees by

special advisers, a Cabinet Office which is and sometimes is not necessarily engaged, fortunes of Cabinet Secretaries in relation to Prime Ministers that can go up and go down, like all of us in departmental cases, and my own view is that it would be better for us to be more explicit, to bring all of this together more clearly in a single organisation, which is not after all unique—there are Commonwealth examples of this—and breaks down the barriers between Number 10 and the Cabinet Office in a way which I think could enhance collective government, as well as the support the Civil Service can give to the Prime Minister in his or her leadership role.

Q89 Lord Rowlands: And more transparent accountability?

Sir Richard Mottram: Precisely.

Q90 Lord Rowlands: Parliamentary accountability.

Sir Richard Mottram: Yes, parliamentary accountability and, I would hope, more structured decision-making, which ultimately obviously does have to reflect the choices of ministers and so on, along the lines that Lord Burns discussed and, as part of that, I would want much more transparency over the roles of special advisers, their qualifications for these roles, and personally I am in favour of restrictions on their number.

Q91 Lord Rodgers of Quarry Bank: Sir Richard, in your very interesting paper you refer to the 1970s being the golden age of Cabinet government.

Sir Richard Mottram: I really regret saying that.

Q92 Lord Rodgers of Quarry Bank: And then you go on to mention some of the things which did not quite work in that decade, but if that was the golden age why has that changed? Is government better now, and, if it is not better, whose fault is it? Are we expecting too much from the Cabinet Office? We have referred to the role of the PM, we know about that. What about events, which is a much larger factor than the role of the Cabinet Office? A lot of very clever people are talking a lot about themselves. Is that the best way of proceeding?

Sir Richard Mottram: Having said I do not believe in golden ages, I think you were very right to point out that I then referred to one in my evidence. What I meant in my evidence, and I probably should have put it in inverted commas, was that there is an idea that if you have lots of evidence of collective Cabinet discussion of intractable issues, which certainly in my personal experience in the 1970s went on, both under Conservative and Labour Governments, this would produce better government. I very much agree with the point I think you are making, that all of this has to be seen in the context of events and some of the events that we were struggling with in the 1970s were

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very difficult. The only point I am making is that I do not think the golden age is an age where the Cabinet meets four times a week and spends three hours debating an issue or where, to caricature it slightly, they meet many times to resolve issues around public expenditure. I do not think that necessarily is effective and I do not think any of the 1970s governments were in those terms particularly effective. The second point is that therefore I am cautious about the trappings of Cabinet government and the likelihood that you can turn the Cabinet into an effective decision-making machine. What I am quite clear about, and this bears upon the point about joined-upness and also broader political joined-upness, is that collective government is better than non-collective government. You have to find the machinery which enables ministers in various ways to get involved and for all relevant ministers, just as relevant officials, to be present at the table when decisions are taken and the machine is then galvanised in ways that it will not be if government is not run on a collective basis. The third point is that I think we should not exaggerate some of these institutional choices. There are pros and cons in them, which I sketch out in my paper, which is why it ended rather lamely, but I think it is right for the Cabinet Office to do what it has been doing, which is to focus on a core role of trying to make government work better and to engage—and we have not really had time to touch on this—very clearly with all the people who might be interested in making it work better, not only upwards to the Prime Minister and other key ministers but also outwards to departments and talk to departments about the various issues, about how the relationship between the centre and departments can best be tackled. I think quite a lot of useful work has been done on that and so I would say, yes, when I left government I thought it was probably working better than when I first joined it, but I certainly was not being offensive about the Cabinets in the 1970s in relation to the challenges they faced which I engaged in and could certainly see how difficult they were.

Q93 Baroness Quin: Lord Rodgers just mentioned the pressure of events. I wondered also about media pressure, whether you felt that was more important now than it was in the past. One of our earlier witnesses said that Mrs Thatcher did not bother to read the papers. One does not have the impression that that has been true since 1997.

Sir Richard Mottram: I think Bernard Ingham read them for her, did he not, and he could summarise them in three sentences. Obviously, the media is different now and is more difficult to handle because it is more diverse and the channels are more diverse and it is more relentless and so on. However, I think this does not mean that you have to have government

that is dominated by the next headline. I would argue myself, and I think Lord Burns touched on this earlier, that the post-1997 Government brought the habits of opposition into government and was rather mesmerised by the need to handle relations with the media, which I think led on a number of occasions, and I was personally involved, to some really quite silly things being done, and spending a little bit more time and being less regarding of the media I think would ultimately have produced a rather better effect. I think it has changed. It does need to be more carefully managed and there is a role in Number 10 that does this, but I think it can be kept in perspective.

Q94 Lord Pannick: Can I just be clear whether Lord Burns agrees with Sir Richard's proposal for a department for the Prime Minister and Cabinet—

Sir Richard Mottram: Unfortunately, I did not share it with him.

Q95 Lord Pannick: —with the Cabinet Secretary becoming the Prime Minister's principal official adviser? Do you agree with that?

Lord Burns: I am not sure I could sign up for it at this stage without further thought because I have not seen his proposal. But I have quite a lot of sympathy with it because I think we would be better off, and I have tried to argue that, with a stronger centre, one that was more coherent and more disciplined and was better organised with better machinery, but yet at the same time did not interfere as much with the workings of individual departments. The difficulty about the proposal is, of course, that the Cabinet Office has always seen itself, as the objectives which were mentioned earlier state, as not only there to support the Prime Minister but also to support the Cabinet. If you put them both together as a Prime Minister's Department where does this leave the objective of supporting the Cabinet? The existence of the Cabinet Office in a way goes back to a particular view of the role of the Prime Minister, which is probably a different role from that which we now have where the Prime Minister is more dominant. This is partly because of media exposure, partly because of the 24-hour news process, and partly because of more international and European events which draw the Prime Minister heavily into those things. I feel that we are in a bit of a halfway house whereby we still have elements of Cabinet government and we still have some of the machinery of Cabinet government but the role of the Prime Minister has moved on to being even more dominant within government. I think if you were to move to a Prime Minister's Department that would be quite an important step in terms of taking it towards yet another stage. At least at the moment the Cabinet Office sees part of its role as supporting the Cabinet collectively and it does this through the machinery, of

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course, of the Cabinet committees where it seeks not only to protect the Prime Minister but also to protect the interests of the other Cabinet members. I am sure Sir Richard has thought about this but that is the bit that I would need convincing of. I have tended this way myself in quite a lot of my personal deliberations on this because I do see value in a strong centre. Curiously enough, and it is a paradox, if we had a stronger and more coherent centre in some ways I think it might lead to less of this permanent interference and second-guessing and lack of responsibility that sometimes departments feel for their work.

Sir Richard Mottram: Thank you very much for allowing me to say something, because it seems a bit of a failure of joined-up government that I did not share my paper with Lord Burns but thought it was the property of the Committee. I apologise for not doing that. The point I want to really bring home is this. I agree with what Lord Burns says, but what I

am proposing is a Department of the Prime Minister and the Cabinet. I am not proposing a Department of the Prime Minister; I am proposing a Department of the Prime Minister and the Cabinet, and in my design of a Department of the Prime Minister and the Cabinet more weight would be given to the importance of collective government than is possibly being given currently, and the reason why I am proposing it, alongside all the reasons that Terry gave, is because I think if you got it right you could make the process of government more structured, evidence-based and effective. I am not proposing it to enhance the powers of the Prime Minister relative to the powers of ministers generally; I am proposing it for a set of different reasons.

Chairman: Lord Burns and Sir Richard, you have been extremely generous with your time. Can I thank you most warmly, on behalf of the Committee, for joining us this morning and for the evidence you have given.

Examination of Witnesses

Witnesses: LORD LIPSEY, a Member of the House, LORD McNALLY, a Member of the House and LORD DONOUGHUE, a Member of the House, examined.

Q96 Chairman: Lord Lipsey, Lord McNally and Lord Donoughue, can I welcome you most warmly to the Committee and thank you very much for coming. We are being televised, so may I ask you, please, as if it was necessary, which it is not, to formally identify yourselves for the record and, if you want to make a brief opening statement, to do so.

Lord Lipsey: I am David Lipsey. I worked for both Bernard and for Tom McNally in Downing Street in the Callaghan Government. I suppose another reason I might have something to offer is I did write a book on the Treasury that was very lightly reviewed though, sadly, slow to sell.

Lord McNally: I think we should announce ourselves as representatives of the golden age. There was a chart in *The Guardian* some weeks ago which showed when Britain was the fairest society as between rich and poor, and the years 1976 to 1979 were the years since the war when Britain was most equitable. I draw no conclusions as to where the Government got its advice during that period, but it is a fact. I was adviser to Jim Callaghan from 1974 to 1979, I served on a select committee of this House under the late Lord Slynn, which in 1996/1997 looked at the public service, and before the 1996/1997 election I was a member of the Cook and MacLennan Committee, Labour and Liberal Democrats, which looked at reforming our constitution.

Lord Donoughue: I am Bernard Donoughue. I set up the Policy Unit in Downing Street, Number 10, in 1974 and served as its head under Harold Wilson and

James Callaghan. I was a colleague, and still a friend, of Tom McNally and David Lipsey and waited 30 years before publishing my memoirs, which I do not advise anyone else to do.

Q97 Chairman: My Lords, thank you very much. Could I ask you, to begin with, to say what are the key constitutional issues you think this Committee ought to have in mind in our inquiry into the role of the Cabinet Office and central government?

Lord Lipsey: I think that underlining this question in front of you is a fundamental constitutional change that has been going on and which you need to consider the merits of. We served under the last Prime Minister who conducted Cabinet government. I think the IMF crisis of 1976/1977 is regarded as the classic, whereby a whole Cabinet had to be brought in line with the particular line of policy. I think since then we have moved a very long way away from Cabinet government. Bagehot, under whose name I used to write in *The Economist*, but Walter Bagehot, the Victorian constitutionalist, distinguished between the efficient parts of the constitution, the bits that actually drove what happened in the country, and the dignified bits, in which he included the monarchy, which were “there for show but not for dough”. I think that the Cabinet has come perilously close to moving from an efficient part of the constitution to a dignified part of the constitution. Indeed, you only have to look at the present Cabinet: it is wonderful there are so many peers of the realm in

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it of course, but you only have to look at the size of the damn thing to see it cannot possibly be an efficient body, because not only have you got 18 or 19 ministers, you have got hoards who come in and attend its deliberations. That is not an effective decision-making forum. So that is the underlying question, what constitution the centre is serving. Is it still supposed to be Cabinet government or is it some species of prime ministerial government?

Lord McNally: Early this morning I spoke to a former minister in the Blair Government, nothing to do with the fact that I was coming to this Committee, but she just said, "I remember Tony saying to us, 'How is it that we lay down policy and then nothing happens?'" I think that is the dilemma which successive prime ministers have tried to solve, certainly since 1979, that, somehow, there you were in the centre of power and you could pull the levers to your heart's content and nothing seemed to happen and, as a result, there have been numerous attempts to sharpen up performance by bringing in various external advisers, or outsourcing responsibilities, and it has, by its very nature, changed the role of the Civil Service, and I think some of the change of that role has not been for the good and I think some of it has not been thoroughly thought through; but the real driving force has been that impatience by successive Prime Ministers that, although they have reached the top of the greasy pole, there still does not seem to be a delivery mechanism that would do what they want.

Lord Donoghue: The delivery mechanism. I saw the Cabinet Office as the agent of delivery of the democratically elected executive. One of my memories is of sitting in the lobby outside the Cabinet room (and I see around me one or two people who were in that Cabinet), and at the end of the Cabinet the then Cabinet Secretary, Sir John Hunt, would emerge in a very military, but speedy, way and steam off up the steps and through the green baize door into the Cabinet Office, where he summoned his colonels and reported the decisions of the Cabinet, and the central government machine immediately started turning over and kicking to make sure that departments delivered or, if Whitehall so wished, obstructed the decisions of the Cabinet, and it was a very efficient machine to observe. I too felt, when Tony Blair was Prime Minister and I was just a very junior minister, that that delivery was somehow not happening and the machine was no longer the unified, efficient structure that had existed when I was at the centre 20 years before. Clearly changes had occurred under all kinds of pressures but seeming to fracture that impressive unified machine, which I had often criticised but deeply admired, on the assumption that it would always be there (and one was criticising it at the margin), and it seemed to me that, certainly by 2000, that machine had disappeared.

Q98 Chairman: I was going to say: why was that?

Lord McNally: Another example of that: if Mr Callaghan saw one-to-one some external person, Lord Weinstock, for instance, immediately the Civil Service machine would be on the phone around Whitehall, to any department that had been affected by that conversation, to make sure that the relevant departments were plugged in to what was going on and what the Prime Minister had agreed or what the Prime Minister had heard, and, like Lord Donoghue, I always was an admirer of the smoothness with which that diffusion of information to other departments took place.

Q99 Chairman: Why do you think that it became so much weaker than it had been before?

Lord Donoghue: One can describe what happened, why it happened, it would take a complex and long debate, but to me what happened was one thing that has been mentioned by David Lipsey: the Cabinet ceased to be really an impressive body taken from Parliament where virtually all ministers were respected as being impressive political figures, the head of their departments, and Prime Ministers respected them. James Callaghan often, when we pressed him to interfere and make a department do this or that, which we foolishly thought was the right thing to do, would say, "That is for the department. That is for the Minister. Back him or sack him". I am not sure that that kind of respect exists now. Secondly is the fracturing of the central government machine with the invention of all these agencies and commissions and committees and quangos, and so forth, which dilutes the decision-making process, which dilutes the execution process and dilutes the responsibility and the use of all these ludicrous consultants in government. In our day you did not need them. I can see the attraction to a civil servant. You employ a consultant so that, if it goes wrong, it is his fault, but that fracturing down the administrative machine, coupled with the loss of authority at the ministerial level, is certainly, in my view, the description of what has happened and makes it very much more difficult for government to operate and to deliver. What created that fracturing and dilution is a separate issue.

Q100 Baroness Quin: I am getting quite a strong feeling that there was a golden age from the three of you, and yet, I have to say, it does not quite fit in with my own experience, which is not hugely extensive, but I was a minister in three different departments under the Blair Government and I did not seem to quite have the feeling that comes out of your description. Is it not the case that since the early 1970s, in fact, most decisions, rather than being made in Cabinet, have been made in Cabinet committees

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and that is a structure which continues very largely today? Secondly, are you, as a result of your own strong feelings about this, each of you, feeling that in some way, despite our unwritten constitution, there should be some kind of system established which is much more definite than anything we have got at the moment?

Lord Lipsey: First of all, it is not black and white, would be my view. There are some ways in which the machinery functions much more effectively than it did in our time. For example, I am impressed with the degree to which the idea of evidence-based policy-making has penetrated into Whitehall, campaigned for from the centre. Whereas we used to get philosophy essays from senior civil servants, we now get proper economists involved, so that must be an improvement, and I think that cross-departmental co-ordination has improved greatly. Cabinet committees: that sort of structure goes on in the recent experience that I have had; what, however, has been superimposed on top of that is policy by whim: “I have got a damn speech to make on Thursday to the CBI. I have got to be able to say something about X, Y and Z”, and because you have to say something about X, Y and Z on Thursday, you do not have time to go through the proper procedures. Quite a lot of these policies, incidentally, are never heard of again because they were not very sensible in the first place. So that, I think, is a severe deterioration. On the point of whether you need more of a written or defined constitution, I think it is extremely hard to divorce the constitution at any time from the particular personalities involved and the particular balances of power which they encapsulate. In both Lady Thatcher and Tony Blair we had extremely strong Prime Ministers, extremely politically strong for most of their regime, except at the very end, and therefore, able to get away with things that others would not. You can have Prime Ministers who are strong but are also very proper. Jim Callaghan certainly came into that category. He had been brought up on the British constitution as it existed in the great text books of Jennings, and so on, and he was determined to stick to that, and that had many great advantages, but I doubt if you will ever find you can write a set of rules and conventions that enable you to transcend the realities of the different personalities involved.

Lord McNally: On the stature of today’s Cabinet ministers, I think there is always a danger to look back on the past being peopled by giants and the contemporary by pygmies. Jim Callaghan used to love telling Hugh Dalton stories. I once said to him, “You realise in 30 years’ time I will be telling Jim Callaghan stories”, and he said, “Oh, no, no, they were big men”, and of course the previous generation always does look bigger. On the question of whether some things should be written down, I think one of

the failures of the last 12 years is a failure to bring forward a Civil Service Act, and I do hope that in the final days of this Parliament, at least in the Renewal Bill, we see something of that Civil Service Act. I do think speaking truth unto power has become more difficult, and it would be greatly strengthening to the Civil Service to have their rights and responsibilities codified in statute to protect it. The other thing that I do feel is that the balance between the civil servants and the special advisers has changed, and I think it has changed for the worse. From what I can see, I make no judgments as to how the Blair Government worked because I do not know, I was not in it, but I do think that one of the things that we have seen (and it is partly a problem of long periods of one party government) is that political appointments become more powerful and become more arrogant. The other thing that I do feel is dangerous is the ease of cross-over from political appointment to civil servant or from civil servant to political appointment. I think that should be a much bigger barrier, and, although I like them both as individuals, I think both the career of Sir Charles Powell and of Sir Bernard Ingham were wrong in that initially Civil Service appointments metamorphosed into key political advisers to a Prime Minister who would not let them go, and I think the Civil Service should keep to its appointments. When people are appointed to Number 10, to a Prime Minister, it should be for a set point of time and then they should continue their Civil Service career, but in long periods of government the danger is of Civil Service advisers becoming too close to their political master or mistress and becoming politicians or, equally dangerously, special political appointments suddenly finding themselves given key Civil Service roles, which I think goes against the tradition of Northcote-Trevelyan.

Lord Donoughue: We are moving on to a very important subject there. If I could just comment, towards closing, on what we were discussing before. On the golden age, if I may say, and I have written this again and again, I personally did not view the 1970s as a golden age—it was a very dreary time—but I do think, in terms of the efficient delivery by central government, it was a golden age, and the Cabinet Secretary was an absolute key point of that; and my impression when I was a very, very junior minister was that already the Cabinet Secretary was a much less efficient person, with an unclear role, and I was not aware who had replaced him. On the Cabinet committees—I sat on one or two as a junior minister—my feeling was that Cabinet committees had definitely been degraded since the 1970s when I sat in on the Cabinet committee meetings in Number 10 and when they were a very important and efficient agency feeding policy decisions into government. I feel that the Cabinet committee may now be being revived. If you take the National Economic Council,

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recently set up, which, as far as I can see—I am not a member—seems to me to be a Cabinet committee with a very elevated name and a very elevated chairman, that is a Cabinet committee that seems to me to be promising to deliver very well, but I think for a long time Cabinet committees went down as the Cabinet went down. That is a likely and linked process. On the political appointees, which is a very important separate subject, I agree very much with what Tom has said. We were factors in the growth of political appointees. We were political advisers. I was the policy adviser, David, I think, was both policy and political and Tom was political, and I was a strong supporter and, when an academic, had lectured and written strongly in support of the importing of the political appointee as a support for the minister, and especially following a study of the French cabinet system and all of that, but, I have to say, there have been negative developments, which I certainly did not anticipate, particularly as part of what seems to me demoralisation of the Civil Service, which is only one aspect of that, which is immensely regrettable, and I think political appointees have got a little out of hand.

Q101 Lord Rowlands: Perhaps, my Lord Chairman, I should declare an interest in one respect, in that I was Minister of State in the Foreign Office when both Lord Lipsey and Lord McNally were advisers! Is it not the case, given both Thatcher and Blair, that, frankly, the process of prime ministerial government is virtually irreversible and, if it is, should we not recognise it and establish a Prime Minister's Department, which would at least then become accountable, we would have a select committee to monitor it, as opposed to this confused in-between world that we have got?

Lord Lipsey: It may be so; you may be right that it is irreversible. We have not had a Prime Minister who is minded to reverse it or to try to roll it back a bit, so I would not necessarily say that was absolutely true, but I think it is hard to reverse, and I think the main factor behind that is the media. The media did not, in our day, hold the Prime Minister responsible for every single thing that happened in every single corner of Whitehall and seize on every single sentence he uttered and compare it with any other sentence he had uttered to show that the Government was in a shambolic state, and there was not need for the Prime Minister to react swiftly to everything that happened, as present Prime Ministers have to. I think that is a very strong pressure which tends in the direction of a more prime ministerial system. I think, if we are to have a more prime ministerial system, it is going to require more than just an adjustment to the balance of the sort of advice he is getting or to the centre, and, in particular, if you are going to have a dominant Prime Minister, you are going to have to have a very

much more powerful Parliament. Under the unusual British system, which does not have any separation of powers, the only thing that has controlled Prime Ministers in the past has been fellow Cabinet ministers and the need to carry the whole government with them. If he is, in effect, able to lay down the law to fellow Cabinet ministers, that gives him far too great a power, and the only correction to that would be a strengthening of Parliament, a huge strengthening of parliamentary select committees and their chairs, and so on and so forth, which would be a major constitutional upheaval but one that we may have to contemplate.

Lord McNally: I agree with your central thrust. I do not think we are going to turn the clock back to Callaghan or Macmillan or Attlee—that is not possible. What I think is possible, and indeed desirable, is to rescue and reinstate some of the better elements of Cabinet government and to resist the very worst perils of sofa government. I think that is the task ahead, and I think there is a case for a clearly defined Office of the Prime Minister in the way that has been described, I think it would make things clearer and more realistic, but the points that David makes are very valid. You are not going to roll back the powers of the modern Prime Minister, but I think you can discipline them better, and I strongly endorse his points about strengthening parliamentary scrutiny.

Lord Donoghue: I agree with everything that has been said. You cannot roll back, and if you have to accept that that is what we have, it is best then to look at how it would operate most efficiently and, particularly, most accountably. I remember that I discussed setting up a Prime Minister's Department with both Harold Wilson and James Callaghan, and they both opposed it, and that is a long while ago and that is history, but the points they made are worth bearing in mind. As Prime Ministers they preferred not to have the formal hierarchy of a department, and they did not want to get involved with all of that stuff. Once you get a formal department, you get who is running it and people's relationships to one another. Harold certainly said what he wanted was everybody, basically, equal in Number 10 and feeling that they could represent views or advice to him and not really have to be filtered through a hierarchy, perhaps, while original ideas would be, as they are in departments, filtered out because the department had a view. He did not want a department that had a view, he wanted a team of very flexible people supporting the Prime Minister, and Jim Callaghan was the same—he did not want to waste time on bureaucratic hierarchies—and that is well worth bearing in mind, but I agree with the main point. If what you have got is, basically, a prime ministerial government, we need to look at how to make it work most efficiently and how to make it accountable.

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Q102 Lord Peston: I must say, I am very disappointed to hear you feel you cannot roll back years. I will give you two examples. Certainly when I was an adviser, and you all were, I could have named at least six Labour members of the Government who would have been outstanding Prime Ministers, at least six. I will not comment about the present group, but to give you an example of what worries me about what you are saying, some time when he was Prime Minister, Tony Blair suddenly announced that we must raise expenditure on the National Health Service to the European average, and I thought to myself, “Has anybody told him how much money he is talking about?” In other words, he seemed to be quite confused with the idea of raising it from whatever it was. Six per cent to eight per cent of GDP meant a 2% increase. The result was no-one, as far as I could see, was there with enough power to say, “Do you know how much money we are talking about throwing into the NHS?” and we know how much of that money was not used effectively—an enormous amount. Is it not a worry to you, in terms of the machinery of government, that there seems no other power centre or person who can say to the Prime Minister, “You really must not be doing this or saying this”? Do you know of anybody at the present time who has a position like that?

Lord McNally: I think this is the difficulty. We are no better at commenting on contemporary events than the rest. I am not inside the machine.

Q103 Lord Peston: Nor am I.

Lord McNally: When I went into the Foreign Office and I was first invited to an inter-departmental meeting and Sir Tommy Brimelow introduced everybody round the table, the guy at the end of the table I could not see, I could only hear him, and he said, “Sir John” somebody or other, “from the Treasury”, and I was slightly surprised, because I could not see any financial interest in what we were discussing, and I said, “Does the Treasury have an interest in this?” and back came the voice from the end of the table, “The Treasury has an interest in everything”. I am not so sure, Lord Peston. I think the greatest attraction of the golden age is that we were younger—that is what makes it the golden age—but what I do think has changed is that both Wilson and Callaghan were created or structured or formed by the Attlee Government and Wilson by his own experience as a civil servant and, therefore, they believed in the structure as was. I think what happened was that both Mrs Thatcher and Mr Blair, in particular, had no such feelings of loyalty to that old regime, indeed had an impatience with it. Also I think we always forget that John Major actually did bring in some quite fundamental reforms, both in outsourcing responsibility and trying to set codes of

conduct that would stick, but I do not confuse nostalgia with the belief that we did better.

Lord Lipsey: Can I make a couple of points? Yes, there were a number of members of that Cabinet who would have made outstanding Prime Ministers, but remembering back, I remember also that at least six members of the Cabinet would have been over-promoted to Assistant Town Clerk of Bury in a very poor year, so it does not all go one way! More seriously, I think you are absolutely right in identifying this question of who can tell the Prime Minister he is doing the wrong thing. This is a question of all sorts of balances of forces. You did not go in and tell Jim Callaghan anything with a light feeling in your heart. I remember, and Lord McNally probably remembers, when we went into the study to be told that he was having a 5% pay policy and Lord McNally and I both suggested this was slightly over ambitious and we went away with serious fleas in our ears. He did not like it at all, and all Prime Ministers are like that. That makes one think that it is not enough just to say you should have this kind of advice, that you need to have within the system balancing people with authority of their own who cannot be fired by the Prime Minister just because he does not like their advice, whether that is Parliament, whether it is the Cabinet Secretary or whatever, so that the Prime Minister has to listen. If it is any encouragement, I think that human beings learn from history, and when you look at the difficulties, obviously, being faced by the present Government at the moment and you talk to people about it, I think there is a feeling that this Prime Minister has not yet (and he has said that he is willing to change his weaknesses) shown himself very open to having a free structure of advice. I hope he will change in that regard, but I am sure that future Prime Ministers will learn from that and want to make sure that they are open to all kinds of advice before they make their decisions.

Lord McNally: One of the reasons you should buy Lord Donoghue’s diaries is the magnificent running battle between Sir John Hunt and Lord Donoghue for the ear of the Prime Minister. As I have said in a review, Bernard got his ultimate revenge by briefing the writers of *Yes Prime Minister*, and anybody that was there can see Sir John Hunt in many aspects of Sir Humphrey, but Sir John Hunt was a major player, a substantial figure, and somebody who the Prime Minister respected and who did have the strength to be able to say, “No, Prime Minister”, as well as, “Yes, Prime Minister”, and that comes from the whole route of tradition and establishment, which has undoubtedly been weakened over recent years.

Lord Donoghue: It was a fascinating and sometimes enjoyable battle, and you are right about *Yes Minister* and *Yes Prime Minister*, but the main point which you mentioned is that the Cabinet Secretary

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had huge prestige and authority and the Cabinet Office had huge prestige and authority, and I think, if you are moving to prime ministerial government, it is very important to make sure that there are countervailing sources of responsible power. I go back to what I said about the fracturing of government. When you look at Whitehall now, clearly Mr Jeremy Heywood is at the centre of power inside Number 10, but I think it is much better if you have institutions. You have the Treasury, I am not sure if it is quite as powerful now or well resourced as it was, but you need several centres of power. You need the Treasury; you need an equivalent of the Cabinet Office. If the Cabinet Office has been neutered, as some say, and my observation of recent Cabinet Secretaries is they appear frustrated to some extent, then it needs to be structured in such a way that there are countervailing powers. The Cabinet itself was a countervailing power which, for reasons we have discussed, is less so now. I think the problem at the moment is that whoever is the Prime Minister is not balanced out against others that can do what Lord Peston said and what Lord Rowlands was saying about standing up and saying, “No, Prime Minister”. For us as special advisers it was a risky process. It was not necessarily as risky a process with, say, Harold Wilson, but, even then, what I observed with Joe Haines, his Press Secretary, when Harold Wilson handed him a speech he was going to give and, subsequently, we met and Joe Haines handed it back, and Harold said, “I want you to issue that”, and Joe Haines said, “No, Harold, you can issue it yourself”. Wilson said, “Why is that?” He said, “Because it is no bloody good, that is why, and if you want to issue it, you do it yourself”. That is what you need, but we are not all made of that kind of vertebrae. But certainly, if you have the independent institution, which is a strong Cabinet Office, and you have strong individuals in Number 10 and you have a strong Treasury and you have a strong candidate, then you have that balance that I think is highly desirable.

Q104 Lord Morris of Aberavon: I would recommend anyone to read the percentage of both volumes of Lord Donoghue’s books. They read so much better having been written or at least published 30 years after the event, despite perhaps some of his adverse comments on my drafts for the Prime Minister’s speeches as the Welsh Secretary—I put that on one side—“because it is my second language”, he said. I have a long memory! Having said that, I think you have all built up the Cabinet Secretary as a very important person in control. In particular, I was impressed with Lord Donoghue’s remarks about the meeting after the Cabinet when the whole of Whitehall was informed of the decision-making. Has that gone down? Is that no longer there? Have you any knowledge on that? It must have been of

fundamental importance as regards controlling and co-ordinating departments.

Lord Donoghue: That needs more recent experience to know. The process by which that was slowed down and diluted would be a very interesting study, because my observation on the people who were Cabinet Secretary subsequently—Robin Butler, Robert Armstrong, et cetera—is that they were impressive people in the old mould. So, on my observation, it was not a decline in the calibre of individuals, and from conversations (which is the best I have with the more recent ones) it was that the bureaucratic machine around them was somehow dismantled and it became much more difficult for them to impose the efficient will that had been the characteristic of Sir John Hunt and, I am sure, his predecessors, as we know. I fear that *Yes Minister* and *Yes Prime Minister*, in which I played a role, may have had seriously an unfortunate effect, in that it may have undermined support for the old style Civil Service, which was, I think, never our intention, but that was just a small part of it. Though when I came into government, I was very struck meeting young ministers who all, to me, spoke in a kind of *Yes Minister* language and talked about how they were not going to be Jim Hackers run by Sir Humphrey. Something happened over those 20 years and it was obviously a very irresistible force.

Lord McNally: I remember, when we had been in the Foreign Office just a few months in 1974, Jim Callaghan said to me, “This is a Rolls-Royce department, just like the Treasury. Both Rolls-Royce Departments.” Mrs Thatcher in the 1980s made a specific point that we did not need a Rolls-Royce, that the best and the brightest should not be in the Civil Service, they should be out building industries and making money, et cetera, they should be in the real world and in the real economy, and I wonder whether the Civil Service today is still seen as for the best and the brightest. A question that this Committee should ask, as Mrs Thatcher asked in the 1980s, is whether that is damaging to the running of government. Do we need to attract into the very top of the Civil Service the very best and the brightest in the country? Do we need Rolls-Royce machines to be running government?

Lord Rowlands: Rolls-Royce machines can still be driven over cliffs.

Q105 Baroness Wallace of Tankerness: The Cabinet Office of today has given us evidence in which it claims it has three core functions: supporting the Prime Minister, supporting the Cabinet and strengthening the Civil Service. I just wonder the extent to which these functions characterise the Cabinet Office with which you were familiar and, from your experience, whether you think there are

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irreconcilable tensions or conflicts between trying to do these three?

Lord Lipsey: In our day, of course, responsibility for the Civil Service was not part of the Cabinet Office; there was a separate Civil Service department, which Lady Thatcher got rid of. I see that in one of the pieces of evidence to this Committee, I think it was Richard Mottram said that there was a consensus that it was right to combine the head of the Civil Service and the Cabinet Secretary. If that is the consensus, I am not part of it. I think that these are quite different functions and that protecting and promoting the status of civil servants is best separated from the view of being what the Cabinet Secretary now inevitably is, the Prime Minister's senior policy adviser. I think that has been a serious detriment. I think the Cabinet Office, right back in our day, was already torn between whether its role really was supporting the Prime Minister and really supporting the Cabinet, and I think that, inevitably, the role has become more one of supporting the Prime Minister than the Cabinet because the Prime Minister matters and, broadly and bluntly, the Cabinet does not. To make a final, slightly oblique point on that, we are in danger of putting everything on the poor old Cabinet Secretary and the poor old Cabinet Office, but the other central department that is absolutely critical to this is the Treasury, and it has an immense equilibrating influence on the Cabinet. I think one of the most serious things that has happened since we were in government, and you had Lord Burns in front of you earlier, is that Lord Burns, who has shown himself in all the jobs he did before and in all the jobs he has done since to be quite one of the most outstanding individuals of our time, was not able to remain as Permanent Secretary at the Treasury under Gordon Brown's Chancellorship. I think that was a very serious and unfortunate happening—I will not go into the reasons for it—because I think it is vital you have at the Treasury not just a strong Chancellor but an extremely strong Permanent Secretary as the head of an extremely strong team of officials who are able, again, to talk truth to power and, again, to restrain ministers from their over-excitements. I do feel, as somebody who has written on the Treasury, quite alarmed as to whether the modern Treasury is going to be able to deliver the kind of austerity of the public expenditure that is going to be required by the country over the next few years. I would have had no doubt about that in the 1970s and very little doubt, in the 1980s and 1990s, but as we get to the end of the first decade of the 2000s, I am not sure that capacity is going to turn out to be there.

Q106 *Lord Rodgers of Quarry Bank:* Can we stay with your happy days? I am slightly surprised, looking back at my memories of all three of you, that

you were not critical, not of the existing machine, which is described by Lord Donoughue, but of the establishment of government. I am not going to press that, but were there no tensions between the outsiders and the special advisers and policy units or the equivalent? Were there no tensions of any kind which ought to have been resolved, given that this golden age for happy times ended in chaos? Did the Civil Service play any part in preventing chaos? In fact, is not the role of the Cabinet Office, to float along the surface of the waters? Is it like that: the Cabinet Office will slide along and manage without really changing the course of events?

Lord McNally: There were great tensions. One of the interesting things about Bernard's diaries is that they remind us of the battles fought to get special advisers properly accommodated within Whitehall in that period, as there was a very clear kind of rule. If a special adviser was strongly supported by his minister, he or she got access, was treated reasonably. If a minister was casual about a special adviser or did not care very much about the idea but had gone along with it, the special adviser was devoured like a pack of piranhas on them, completely excluded and frozen out in that department. Bernard and I had some long running struggles. An academic sent me a very interesting minute by Sir Nigel Wicks, advising how the Treasury should resist or outflank the pernicious influence of the special advisers in the mid-1970s. It was a very difficult time. We were trying to fit this system, which was felt to be alien, into our system, and I think we worked pretty well. The Conservatives did not dismantle it, but neither did they abuse it. Two last thoughts. I heard the previous evidence. I do think there should be a limit set on special advisers as well as a revamp of their roles and responsibilities, and my reaction to the Cabinet Office claims, or perceptions of its job, are some of them are mutually exclusive, and that that is why I agree with Lord Rowlands. I think the idea of an Office of the Prime Minister with a more specific job description would be more fit for purpose than a Cabinet Office that seems to be trying to spread its talents too thinly.

Lord Lipsey: Where power is involved, there will always be tensions and competition. There is some quite crude stuff that went on. For example, there was the bit of the Cabinet Office that decided to get rid of special advisers by just not allowing them to be paid enough to stay in the job, and this went on for years until, I think, Jim Callaghan wrote on the top of a final memorandum on this, "Give them the money", which ended that one very satisfactorily. Having said that, quite quickly the system did adapt to special advisers. I can remember when Peter Shore went to the Department for the Environment, where I had been special adviser and I had moved on, and I got a call from Sir Ian Bancroft, the Permanent Secretary there. He said, "David, I have got this new minister

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arrived. He says he does not want a special adviser. You know, this department cannot work without a special adviser. Can you come round and persuade him?" I did go round and I was getting nowhere with Peter. Then said, "Did you have anyone in mind?", and I said, "There is this nice man called Jack Straw, who works for Barbara Castle". "Oh, maybe I will try him", and that is how Jack's career went ahead. Having said that, I think the battle continued, but I think that, on the whole, special advisers have won, and won to an undesirable extent. For example, it seems to me that special advisers today do something that we would have been very wary of, and that is to come between ministers and Members of Parliament. Members of Parliament frequently contact the special adviser. I would never have done that. If a Member of Parliament wanted to see a minister in my department or meet with my Secretary of State, I would make the diary arrangements, but I would never have taken over and substituted myself for the role of the minister in that, and I think that that is a way in which the special adviser arrangement, which I think to be generally desirable, has got out of control and should be put back in control.

Lord Donoughue: When I came in, in 1974, to set up the Policy Unit at Harold Wilson's request, I was aware that some in the Civil Service were very committed to trying to stop this, but certainly not all of them, and throughout my time there were particular ministers, and particular civil servants, in the Cabinet Office who worked very closely with me and very supportively. So it is a mistake to generalise about the Whitehall view. The first thing I did was to have a series of meetings with Sir John Hunt, the Cabinet Secretary, to construct what we called the Concordat, which was a statement of what special advisers could do and what they could not do, or what they could do by going through proper channels, and specifying to them what committees they could sit on, but it was also a statement of our rights and gave us access to committees, access to papers, and so forth; and that was a basic step forward for me, but I was very concerned that the special advisers—respectable is the wrong kind of

word—should be accepted as being responsible people, and one step towards that, in my case, was to try to appoint people of very high quality who the civil servants could respect and who they did. There were periodic attempts from the Cabinet Office to regain ground and to try to colonise us, as they had colonised the Central Policy Review Staff by taking them under their wing and then being able to stifle them, and also suggesting at times that civil servants should be in the Policy Unit, which I always resisted because I thought that was wrong for both sides, but that was an important aspect of it. Could I say two other things? I think Tom raised an important point about the calibre of civil servants. Certainly when I emerged from Oxford the common talk among the better ones there was often, "Were they going to go for the Treasury or the Foreign Office?" and I was very aware, by the time I went back as a minister in the late 1990s, talking to my children, that that was not seen as an objective. Maybe it was Mrs Thatcher, she had won. But going into the City, or being a lawyer, or being in the media was what the good people went to, and although being in the Ministry of Agriculture and being in Number 10 were two rather different worlds, and I did not expect the same in Agriculture, I did, sitting on committees, get the feeling that the calibre of the Civil Service had declined over the 20 years from when I was in Whitehall when I came back, and that is, I think, a very important point. On the Treasury, I too share Lord Lipsey's fears about the Treasury's capacity to deal with the tremendous challenges that lie ahead. I actually think they should look at re-recruiting retired Treasury officials, who may now be 66 but it is our view that that is getting close to your peak performance, and they should look at that because I am not sure their staff, trained or conditioned, have the experience to deal with the kind of challenges that lie ahead.

Chairman: Lord Lipsey, Lord McNally and Lord Donoughue, you have been most generous with your time, and can I express the warmest gratitude, on behalf of the Committee, for your company this morning and the evidence you have given.

WEDNESDAY 24 JUNE 2009

Present	Goodlad, L (Chairman) Morris of Aberavon, L Norton of Louth, L Pannick, L Peston, L Quin, B	Rodgers of Quarry Bank, L Rowlands, L Shaw of Northstead, L Wallace of Tankerness, L Woolf, L
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Memorandum by Lord Armstrong of Ilminster, Lord Butler of Brockwell and Lord Wilson of Dinton

GENERAL

1. We take the Cabinet Office and the Centre of Government to comprise for these purposes the office of the Prime Minister (“10 Downing Street” or “Number 10”) and the Cabinet Office, together with the various offices and units attached to them, and to exclude the Treasury, which is for many purposes customarily regarded as a central department.
2. The Office of the Prime Minister and the Cabinet Office are functionally distinct. The function of the Prime Minister’s Office is to serve the Prime Minister exclusively, whereas the function of the Cabinet Office is to serve the Cabinet (including the Prime Minister as chairman of the Cabinet) collectively. The Cabinet Office was set up in December 1916 to provide a secretariat for the Cabinet which had until then had no secretary or secretariat. Until 1963 this functional distinction was reflected in a geographical separation: the Cabinet Office was located at first in Richmond Terrace and later in the New Public Offices in Great George Street. In 1963 the Cabinet Office was relocated in the Old Treasury Building, next door to, and directly adjoining 10 Downing Street. Since that time Number 10 and the Cabinet Office have worked together increasingly closely. Together they have come to be regarded as indeed “the centre of government”.
3. None the less each of us, as Secretary of the Cabinet, has been constantly conscious of his responsibility to the Cabinet collectively and of the need to have regard to the needs and responsibilities of the other members of the Cabinet (and indeed of other Ministers) as well as those of the Prime Minister. That has coloured our relationships with Number 10 as well as those with other Ministers and their departments.
4. In our view this functional distinction remains real, valid and important. We believe strongly that it should be reflected in the continuing and future structure of the centre of government.
5. We favour a strong centre of government, but we believe that this need not be inconsistent with a small centre of government. In particular we believe that the centre should:
 - (i) coordinate, stimulate but not duplicate the responsibilities of Departments;
 - (ii) be compact enough to allow short lines of communication; and
 - (iii) provide clear lines of responsibility to Ministers.
6. With these considerations in mind we consider that staff in 10 Downing Street (eg the Private Secretaries, the Policy Unit, the Press Office and the Appointments and Honours Sections) should serve and be responsible to the Prime Minister alone, whereas staff in the Cabinet Office should serve and be responsible, in the case of the Secretariat to the Cabinet and its Committees, and in the case of units located in the Cabinet Office to Cabinet Office Ministers. The task of the Cabinet Office secretariat should be (as it was in the 1999 Cabinet Office Objectives) “to help the Prime Minister and Ministers collectively to reach well-informed and timely decisions”.
7. In general we do not support the location in the Cabinet Office (or in 10 Downing Street) of units with executive as opposed to coordinating responsibilities, since they are likely to trespass on, and even compromise, the responsibilities of Departmental Ministers.

SPECIFIC ISSUES

8. With reference to the particular issues on which the Committee invites evidence we have the following comments:
 - (i) The Office of Public Service, the National School of Government, the Capability Group and the Civil Service Strategy Board. The incorporation of the Office of Public Service into the Cabinet Office was

the latest stage of a transition, starting in the aftermath of the Fulton Report in 1968, whereby responsibility for the Civil Service was transferred from the Treasury into a separate department (the Civil Service Department), the Prime Minister was formally appointed Minister for the Civil Service and the Permanent Secretary of the new department was appointed Head of the Home Civil Service. In 1981 that department was abolished; its responsibilities for appointments, training, welfare and discipline were transferred to the Manpower and Personnel Office (MPO) reporting to the Secretary of the Cabinet, who was appointed Head of the Home Civil Service, and its responsibilities for other matters, including civil service pay and grading, reverted to the Treasury. In our view the establishment of a free-standing department was not a success. The incorporation of central responsibility for the civil service into the Cabinet Office has, we believe, worked well: it sits well with the Prime Minister's overall responsibility as Minister for the Civil Service and with the position of the Secretary of the Cabinet as Head of the Home Civil Service. The day-to-day responsibility for the Civil Service is exercised by a Cabinet Office Minister of State supported by a Permanent Secretary heading the Office of Public Service (OPS). This is a workable and satisfactory arrangement which does not impinge on or conflict with the other responsibilities of the Cabinet Office or with those of Number 10. Similarly we think it a natural and workable arrangement that the Delivery and Reform Group and the Civil Service Strategy Board should be located in the Cabinet Office and that the Cabinet office Minister responsible for the OPS should also oversee the work of the National School of Government.

- (ii) Units as regards the Strategy Unit, the Social Exclusion Unit, the Women's Unit, the Regulatory Impact Unit and the Anti-Drugs Co-ordination Unit, we see no objection in principle to such units being located in the Cabinet Office, provided that it is clearly established that their role is one of co-ordination, that their responsibilities do not overlap and that they do not impinge upon or conflict with the executive responsibilities of Ministers in charge of Departments. We believe that these conditions are not always satisfied at present.
- (iii) The Office of Deputy Prime Minister. The title of Deputy Prime Minister is a courtesy title which may be attached at the Prime Minister's discretion to a departmental Minister or to a Cabinet Office Minister, or may not be used at all. The location of the office should depend on the duties assigned by the Prime Minister. When those include duties normally carried out by a Cabinet Office Minister it is natural and convenient for the office to be located in the Cabinet Office.
- (iv) The Security and Intelligence Co-ordinator. For many years there has been a post of Intelligence Co-ordinator in the Cabinet Office reporting to the Secretary of the Cabinet in his role as Accounting Officer of the Secret Vote and as the Prime Minister's principal official adviser on security and intelligence matters. With the establishment of the Joint Terrorism Action Committee (JTAC) this post has been upgraded, but continues to be a co-ordinating one, with the individual services represented on JTAC continuing to report to their departmental Ministers. In these circumstances we think it appropriate that the Security and Intelligence Co-ordinator should be located in the Cabinet Office.
- (v) The transfer of advisers on European and Global issues, on Foreign and Defence Policy and on Domestic Policy from Number 10 to the Cabinet Office. We consider that the location of "two-hatted" officials combining duties in the Cabinet Office secretariat with roles as personal advisers to the Prime Minister does not sit comfortably with their roles in the Cabinet Office Secretariat or with the role of the Cabinet Office as the collective servant of the Cabinet. Such arrangements should in our view be discontinued and not repeated in future.

CONCLUSION

9. We offer the following observations on the way in which the centre of government (defined as Number 10 and the Cabinet Office) has developed:

- (i) The proliferation of units has made the Cabinet Office and Number 10 an over-large and over-crowded area.
- (ii) The lack of clarity as to whether some of the units have executive as opposed to co-ordinating roles has caused and continues to cause confusion. To the extent that the centre has taken on executive roles, this cuts across and is liable to diminish the roles of departmental Ministers and their departments.
- (iii) The constitutional significance of this is that, since departmental Ministers are accountable to Parliament for the exercise of their statutory responsibilities, the growing role of the centre, and especially the allocation of executive functions to units at the centre, tends to compromise the

accountability of departmental Ministers to Parliament for the exercise of their statutory responsibilities and functions as well as to create risks of duplication, wire-crossing and confusion in the execution of policies.

9. While many of the functions mentioned in the Committee's Call for Evidence are appropriately located in the Cabinet Office, we conclude that there is considerable scope for streamlining the Cabinet Office and Number 10 in accordance with the principles and distinction of functions set out in the first section of this submission. We believe that this would remove a degree of complexity, duplication and risk of confusion which exists at present, would enhance the effectiveness of government and would clarify lines of responsibility and accountability. We believe that it would strengthen the role of the Cabinet Office in supporting collective Ministerial responsibility through Cabinet and Cabinet Committees, which is an important—we believe fundamental—component of good governance in the United Kingdom and which needs in our view to be re-asserted.

May 2009

Examination of Witnesses

Witnesses: LORD ARMSTRONG OF ILMINSTER, a Member of the House; LORD BUTLER OF BROCKWELL, a Member of the House and LORD WILSON OF DINTON, a Member of the House, former Cabinet Secretaries, examined.

Q107 Chairman: Lord Armstrong, Lord Butler and Lord Wilson, may I welcome you most warmly to the Committee and thank you very much indeed for joining us. We are being televised, so may I ask you please formally to identify yourselves for the record.

Lord Armstrong of Iminster: I am Robert Armstrong, Lord Armstrong of Iminster, and I was a career civil servant and I became Secretary of the Cabinet in 1979 until 1987 and in 1981 there was added to my responsibilities that of being Head of the Home Civil Service.

Lord Butler of Brockwell: I am Robin Butler, Lord Butler of Brockwell. I succeeded Lord Armstrong as Secretary of the Cabinet at the beginning of 1988 and was Secretary of the Cabinet from 1988 to 1998 and had similar responsibilities.

Lord Wilson of Dinton: I am Lord Wilson of Dinton, Richard Wilson, civil servant for 36 years. I took over as Cabinet Secretary from Lord Butler in January 1998 and I held that post until September 2002.

Q108 Chairman: My Lords, thank you. Lord Armstrong, are there any opening words you would like to address to the Committee?

Lord Armstrong of Iminster: Very briefly my Lord Chairman, and speaking for all of us from the depth and the remoteness of our experience, because it is more than 20 years since I ceased to be Cabinet Secretary, we see as a fundamental point that in the British system of government the statutory responsibilities and the executive responsibilities almost all lie with ministers in charge of departments. The Prime Minister has some statutory responsibilities but relatively few and we all think that the system needs to respect that distinction, and that if the system fails to respect that distinction, then that creates inefficiencies and tensions between the Prime Minister and his colleagues and between departments and the centre.

Q109 Chairman: Could I ask what you think are the key constitutional issues that ought to inform the deliberations of this Committee into the future role of the Cabinet Office and the centre of government?

Lord Armstrong of Iminster: Clearly we do think that this distinction between the Prime Minister as the Chairman of the Government, Chairman of the Cabinet, and the team of ministers who have the statutory responsibilities and the executive responsibilities is a key factor; it is the great distinction between our system and the system that prevails in the United States of America where all Cabinet members are appointees of the President and exercise presidential duties and powers. I think we would all think, having been through this in various ways, that the times when we have experienced tensions and disagreements within government very often flow from a failure to reflect and remember that distinction. In a sense, you could say that the Cabinet Office and the Cabinet Secretary are the guardians of collective responsibility of government. I will not read you all a lecture about collective responsibility but I think my view certainly, and I think the view of my colleagues, is that that remains a fundamental principle in the British system of government.

Lord Butler of Brockwell: If I may just put it in shorthand, I think we all believe that the constitutional principle is that the United Kingdom has a system of Cabinet government, not presidential government.

Lord Wilson of Dinton: If I could just add a point on that, I agree very much with what my former colleagues said. I think if the Prime Minister were to be seen to be presidential, it is worth remembering that we have none of the limits on the power of the President which exist, say, in the United States. If you look at the United States' constitution where you do have a president, there are limits on what he can deal with and those constraints would not exist in the UK where we have the executive in a very strong position within the legislature.

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Q110 Lord Morris of Aberavon: You have emphasised the fundamental principle, each of you in different ways. The Prime Minister is Chairman and the real responsibility by statute is as a Secretary of State. We all know from history that they are interchangeable. On occasion I had to attend the Queen to swear in the Bishop of Sodor and Man because nobody else was around on a Friday and I was Welsh Secretary and the Home Secretary was not there. It has happened but in practice, whatever the titular position, if Tony wants it, he gets it and somebody from the Cabinet Office or the Prime Minister's Office will tell him this is what he wants. That is the practice whatever the statutory position.

Lord Armstrong of Ilminster: If I may take a first shot at that, I think we all feel that the personality and in a sense the desires of the Prime Minister of the day are a strong ingredient in the mix. I do not want to go into personalities. I served a Prime Minister with a very strong set of convictions in the shape of Margaret Thatcher but she operated within the system; she did not seek, as it were, to create institutions which were emanations of her own position. She preferred to persuade, cajole, possibly even on occasion rather bully her colleagues. She regarded herself as very much the guardian of the strategy, and that was not a role which she was minded to devolve upon others. I am sure that with later Prime Ministers, of whom I cannot speak with personal experience but I think particularly of Mr Blair who was in an outstandingly strong political position in Parliament and in relation to his colleagues, he chose different ways to achieve what he wanted to achieve. I think I would want to say that I think that some of those methods which he would have chosen conflicted with what I see as the fundamental position of the relationship between the Prime Minister and departmental ministers. I expect we have all known cases in which those frictions actually created bad relations among ministers and were set-backs to the efficient and proper conduct of government.

Lord Butler of Brockwell: If I may echo that, it is certainly true that a powerful Prime Minister will often get what he or she wants, and should, but if that is done by bypassing the Secretary of State and the departments, then you lose the advantage of the expertise that there is in the department. You also lose the collective experience and perspective of other senior political colleagues.

Lord Wilson of Dinton: Again I agree with that. Could I put it slightly differently, which is that I think it was Professor George Jones who said that Prime Ministers are only as powerful as their colleagues allow them to be. You may have times, we have had times, when Prime Ministers have been so strong that their colleagues accepted anything that they wanted to do; they had a parliamentary back bench which

was supportive of whatever they did; public opinion was happy; the economy was going well. Their ability to get their way was therefore unparalleled, but that does not alter the fundamental fact that if circumstances are different and a Prime Minister is in a weak position, his Cabinet colleagues are debating issues strongly, it is not possible for the Prime Minister to have his way and we are not in a country where the Prime Minister as a president can just say "This is what happens and this is what goes". We are always fundamentally in a position where if Cabinet Ministers wish to assert themselves then the power of the Prime Minister will be checked and balanced in that way.

Lord Armstrong of Ilminster: Prime ministers I think may not always choose to follow the examples of some recent prime ministers. We have been reminded recently of the prime ministership of Mr Attlee, Lord Attlee, who was very much the Chairman of the collective, a collective which included some extremely remarkable and strong people. I think that the system has to be flexible enough to accommodate both the extremes of that and everything in the middle.

Lord Butler of Brockwell: If I may just add one point, you used the phrase "Tony wants"; I think none of us saw the Cabinet Office as the instrument to deliver what Tony wants. We did not see it as an executive body that was to deliver the will of the Prime Minister. What we saw as the role of the Cabinet Office was to bring the various departments into play and to resolve any differences between them. I think what we see as the essential difference between the Cabinet Office and the Prime Minister's Office is that the Prime Minister's Office does work for the Prime Minister and is there to deliver what the Prime Minister wants. The Cabinet Office supports the ministers collectively and acts as a broker between them in cases of disagreement.

Q111 Baroness Quin: I agree very much that there are these different ingredients such as the personality of the Prime Minister and the strength of the government at any one time in Parliament but I just wonder if there is a third ingredient, which is the move to the open parliamentary question in the 1970s and the fact that the Prime Minister then became responsible for answering a question on almost any subject in the supplementary that was thrown at them, which then got them involved in all kinds of areas of policy. My reading of the Attlee government was that if Clement Attlee was asked a question about home affairs, he said, "Don't ask me; it is a matter for the Home Secretary". The pressure of the open question plus the intensity of media scrutiny seems to me a third ingredient, and I wondered if you would agree with that and, if so, whether you thought

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actually a reversal to the older way of doing things would be better.

Lord Armstrong of Iliminster: I think there is much force in that. The other ingredient in that is that whereas Mr Attlee, and I think probably Mr Macmillan and Mr Heath, were quite content to say, “You must ask that question to the Foreign Secretary or the Chancellor of the Exchequer or whoever”, Mrs Thatcher certainly prided herself on being able to field all the questions and know all about them. That, in a sense, has persisted. It made her briefing for Parliamentary Questions a much more elaborate process but she was simply reluctant to appear unwilling to answer questions on any subject which came up at all.

Lord Butler of Brockwell: I was the Parliamentary Questions Private Secretary to Edward Heath and in those days if he was asked a question, as you rightly say, on another minister’s responsibility, he would say it was for that minister. The consequence of that was that people put down questions that he could not shift like “would he pay an official visit to Bolivia or Costa Rica” and we used to spend the morning guessing what it was that was the link. That I think became rather an absurd system really. It was better to have a direct question and, as Lord Armstrong said, Lady Thatcher enjoyed answering them.

Lord Wilson of Dinton: I think you are right. That trend has grown over the last few decades, for the reason you give, but I would argue that it does not have to go quite as far as it sometimes does go. I think there has been a tendency sometimes, say, for the budget to include statements which could still quite reasonably be referred to a Secretary of State, saying, “The Secretary of State will make a statement about this in the next few days” and that would I think be still accepted. I used to debate this with myself about how far any Prime Minister could extricate himself, or any Chancellor could extricate himself, from appearing to be omniscient. I think there are degrees to which it could still be clawed back, even in this age when the media expects so much.

Lord Armstrong of Iliminster: I think there are pressures on Prime Ministers today which Mr Attlee would not have recognised: the pressure, first of all, of the television media and the exposure that the Prime Minister has 24/7, as we say nowadays, to that and the need to be able to respond positively to that. The other pressure on the Prime Minister is of course his participation in international affairs, in the conduct of international affairs. Compared with earlier Prime Ministers, Prime Ministers today are very much involved in the business of diplomacy, in attending summit meetings, in receiving visitors from overseas. Not only the formulation of the policy but the actual conduct of the business takes up an appreciable amount of their time and exposes them increasingly to public interest in what they are doing.

Lord Wilson of Dinton: There is another profound dimension to this question which is how far Secretaries of State themselves answer in detail for public services; for instance, how far the Secretary of State for Health feels bound to know about every operation that may go wrong in every part of the country. I have heard ministers debating their ability to stand behind some kind of formal position in which they are responsible for policy but not for the detailed implementation, which is really a very difficult area. The more that Secretaries of State feel obliged to answer for every detail of what happens within agencies in their departments, the more that the management of those agencies is difficult. If you see things through a political prism with this political management, then it is not always the same as good management. I think it is a very important issue.

Q112 *Lord Peston:* I understand the point about Cabinet government and the Cabinet providing checks and balances, but could I draw your attention—and here I go into old fogey mode and think about the past—to when I was a very junior economist in the Treasury 40 years ago; I thought that the senior officials were really great men and one of their tasks, certainly in the Treasury and I would assume also in the Cabinet Office and so on, was simply to tell whichever senior figure they were dealing with “You cannot do that”. I get the general impression that things have changed somewhat and on the whole officials do not feel now that they can simply say “Really, you must not get involved in this”, particularly with regard to the behaviour of the Prime Minister. Am I mistaken in that, and in particular do I think this golden age of the past, which I was there either was not there then or is still there now?

Lord Butler of Brockwell: I think you are mistaken up to a point. It still is the duty of officials, and I guess that all three of us had to do it at some time, to say “You cannot do that because the law does not allow it” or “because this would offend our accounting officer duties and we must report that to Parliament”, but also there are other cases where the Minister is the elected politician and has a right to decide. I think we would all think it was our duty to advise but if it was legal and proper and the Minister insisted on going ahead, we would then think it was our duty to carry out those instructions as faithfully as we could.

Lord Armstrong of Iliminster: I would qualify the way you put it, having lived through some of the same times as you, my Lord, that even those great men that we knew in the Treasury would not have told their Chancellor of the Exchequer “You cannot do this” unless it was positively illegal, or something like that. They might very well have said, “If you want to do it, you had better not do it that way; you might find a

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better way of doing it". Of course the accumulated knowledge and experience—and this remains true I think of civil servants—enables them to advise ministers what may be the best way, the most efficient way and perhaps the least likely to be embarrassing way of doing the things they want to do.

Lord Wilson of Dinton: I think you may take it that we have all of us, in our time, had to be firm but in this age where the media are on the lookout for every means of embarrassment, the one thing that you can be sure of is that it will happen in private and we will not tell the world about it because it would be disloyal and, more than that, it would breach confidentiality and damage relationships. So you have no means of judging this.

Q113 Lord Rowlands: I wonder if I may just draw attention to this. We have had a very interesting written note from Jonathan Powell, a former Chief of Staff to Tony Blair. I will read the description and I wonder whether you recognise it as such: "The analogy I always think of is that Number 10 should be the gearstick in the PM's hand—light and responsive—and the Cabinet Office should be the drive shaft—making sure the wheels of government are all moving in the same direction and at the same speed." Is that either a good description of what the Cabinet Office should be and, secondly, was it a good description of what was actually happening?

Lord Butler of Brockwell: I think it is rather a good description of how it should be. Lord Armstrong used a phrase which I have often used that a Cabinet Secretary was the chief engineer on the ship of state, making sure that the decisions that the Prime Minister and the Cabinet took on the bridge were transmitted into the system. So I think that is rather a good description. However, I am not sure that it is a good description of what actually happened.

Lord Armstrong of Iliminster: I think that none of us would agree with one of the other things that Jonathan Powell said which was that the principal job of the Cabinet Secretary should be to manage the reform of the Civil Service. That is not a view which any of us would take.

Lord Wilson of Dinton: That metaphor of a car was one that has been debated and used quite a lot. It does depend a bit on how you see the Cabinet Office performing that job of transmitting, if that was the right bit of the machine, the message to the rest of government. There is a school of thought that sees government as being one single pyramid with the Prime Minister as the Chairman and CEO and everyone as it were being under his instruction and one machine. That ignores this point that we were making earlier about the importance of having checks and balances within government, and executive power resting within secretaries of state. I

still myself hold to the view that ultimately the Prime Minister's power lies in advising the Queen on the exercise of the Royal Prerogative, for instance on appointments, and on charring meetings and being able to sum them up. I think those are the two main real powers that Prime Ministers have and I do not see them as being some kind of central control tower which simply instructs the rest of the machine what to do, which would take you much more into presidential territory.

Q114 Lord Rowlands: I wonder if I could ask Lord Butler who straddles two Prime Ministers in that sense, how far does he think 1997 was a watershed in this whole issue of Cabinet response, Cabinet Office, prime ministerial power. How much of a watershed does he think, reflecting back, was 1997?

Lord Butler of Brockwell: No, I do not think 1997 was a complete watershed. I saw through my career a steady diminution in collective Cabinet responsibility. The high watermark of it was probably in the 1930s but if you look at the number of Cabinet meetings, if you look in particular at the number of papers that the Cabinet took, there was a steady diminution during the subsequent period, but I think the point that I would make is this. Both Harold Wilson who I saw as Prime Minister and Margaret Thatcher were very constitutionally proper. As Lord Armstrong said, Lady Thatcher has often been talked about as ignoring the Cabinet but she did not. She tried to dominate them, succeeded in dominating them, but felt that she had to get their agreement. I think Mr Major wanted to revert to the role which Lord Wilson has described as being Chairman of a team, but at that time there were great tensions in the Cabinet, particularly over Europe, and so it was very difficult to do that. I think there were particular aspects about 1997 where Mr Blair and Mr Brown, who were the dominant figures in the government, were the instruments of New Labour, had been used to being a small unit, holding cards rather close to their chest, and for that reason were not very much disposed to using Cabinet government. As I say, I think this was part of a secular trend; maybe there was a step change in 1997 but I would not put it beyond that.

Q115 Lord Rowlands: Is it irreversible?

Lord Butler of Brockwell: No, I do not think it is irreversible and I do not think it should be irreversible because I think the thesis that all three of us have is that the government works better if you have genuine, collective responsibility, if all the secretaries of state are allowed to exercise their responsibilities and bring to bear the expertise that is in their departments and their own political perspectives. What I would urge on any future government is not

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that you should do this because it is constitutionally right but because government works better if you do and you improve your chances of re-election.

Lord Armstrong of Ilminster: If you do not have collective responsibility, a government very quickly falls apart, if ministers are, as it were, going their own ways in the public domain and not observing the rule of collective responsibility that once a decision has been taken in Cabinet, that is a decision for which all ministers, all members of the Cabinet, indeed all members of the government, are responsible and must accept or resign from the government. I do not think that that has really changed. There have been one or two striking exceptions when people have been allowed to record dissent from Cabinet decisions but the examples in the past are for the most part unhappy.

Lord Wilson of Dinton: It would be a mistake to think of this in terms of some slow evolution which cannot be turned back. Each decade, each government, represents a particular set of political circumstances, personal relationships, backgrounds which colour and may shape the way that people behave and that the government is run, but I think that the fundamentals are still as we have described them and they can always be reasserted. If you have a Cabinet of people who wish to contribute and a Prime Minister who is willing to listen, I think the machine will still be readily responsive to that. I think it is actually a better way, as has been said, of running a government because the chances of getting a decision right are more if you bring to bear the experience of, say, a dozen minds than if you just had a small handful of people doing it in a huddle with one being the dominant figure. I think you would get better government.

Lord Armstrong of Ilminster: Under each of us while we were the Cabinet Secretary there were great changes, some of which stuck and some of which did not. There have no doubt been some changes which have stuck but I think that they have all been within the general doctrine, the general principles, which we have suggested to you.

Q116 *Lord Wallace of Tankerness:* Can I follow up on what Lord Rowlands said, quoting from the evidence which we have received from Jonathan Powell where he reflects since the 1970s on the rise of the Cabinet Committees and concludes: "In my view therefore rather than arguing about the death of Cabinet government, when it in fact died a long time ago, we should spend more effort reinforcing the Cabinet Committees and their supporting infrastructure as a key part of government decision making." Can I invite your comments whether there has indeed been a material change in the role of

Cabinet Committees post 1997, or again is this a continuum from the seventies?

Lord Wilson of Dinton: I am sorry but I am not familiar with his evidence and what he said. Is he arguing for Cabinet Committees?

Q117 *Lord Wallace of Tankerness:* Yes, indeed, but not for the Cabinet.

Lord Wilson of Dinton: My experience is that Cabinet Committees are alive and well and I do not believe that they died.

Q118 *Lord Wallace of Tankerness:* Sorry, he is saying that the Cabinet is dying, not the Cabinet Committees.

Lord Wilson of Dinton: Cabinet committees I believe are alive and well. When I was Cabinet Secretary they were very popular. We did a trawl of all the ministerial groups that proliferated, brought them into a formal framework, gave them proper secretariats and it was very striking how much they were in demand. So I think that is a sign that a lot of what we are saying is true. As to Cabinet itself, I think it is true that the complexity of government is such that whereas perhaps, say in post-war years, Cabinet was the place where people came together and took major decisions, it is still a very important place where the heads of departments come together, where they have the opportunity for discussing issues, where they do on occasion discuss very important decisions, but I do not think it is now possible within the complexity of what governments do for every major issue to come forward to be debated in Cabinet. But then the Cabinet system has evolved in a way which makes it possible nonetheless for the collective Cabinet to be responsible through correspondence and through the conduct of Cabinet Committees, and that still happens. There is still an enormous amount of decision-taking that is circulated to Cabinet or circulated to Cabinet Committees, and where someone is unhappy they have the opportunity to bring it up and for a discussion to take place in cabinet, and that does happen.

Lord Armstrong of Ilminster: I just think that the feeling that the Cabinet itself has become less important to some extent reflects the wishes and the way of carrying on of particular Prime Ministers. One has to remember the point that Lord Wilson has made that Cabinet Committees are committing the Cabinet and that their decisions are decisions of the Cabinet, unless the Cabinet of course itself changes them. I think one has to remember that many Prime Ministers have made more use of the Cabinet itself for some of the big decisions. When I first became close to this in the 1970s the Cabinet used to meet twice a week, sometimes even more often. Most of the

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major issues at that time came up in Cabinet. That declined over the years. Though even with Mrs Thatcher, and I am now speaking of the times of which I have direct experience, she used the Cabinet for major decisions, though again many issues were settled within Cabinet committees and in that way.

Q119 Lord Woolf: What I would be very interested to know, because of what I believe happened at the time of the Blair government, especially when Lord Irvine was then the Lord Chancellor, is that it appears, at least to some, that what was happening in a Committee was really a delegation of power being exerted, with perhaps the Prime Minister not being able to exert the control that he should. Is there any risk of that happening as a result of the use of committees, especially if the Chairman of the Committee is a powerful individual?

Lord Butler of Brockwell: I have always held out that the operation of the Devolution Committee, which Lord Irvine chaired after the 1997 election, was a model of how Cabinet committees ought to work. The Government was very anxious to get ahead with its devolution proposals within the first session, but there had been very little preparation between the incoming Government and the Civil Service beforehand, so there were a whole lot of very difficult decisions to take. We set up a Cabinet Committee, which Lord Irvine chaired, and that managed to resolve these issues. Although one could criticise some aspect of what was done, in general I believe that it was remarkable how right the decisions were over the period. Did that mean that Lord Irvine took over? No, I do not think it did because those decisions were reported to Cabinet. The White Papers that were issued about the devolution proposals were approved by the Cabinet and other ministers had an opportunity to raise points. I cannot, I must say, remember a specific Cabinet discussion about the devolution proposals, but that I think was because actually the Cabinet Committee did it so well. It did not leave a lot of points for disagreement that had to be resolved in Cabinet.

Q120 Lord Shaw of Northstead: An organisational question if I may: what would you characterise as the central purpose of, firstly, the Cabinet Office, secondly, the Office of the Prime Minister and, thirdly, the centre as a whole? To what extent did these committees or organisations fulfil their purpose in your day, and do they do it better now, or has there been a falling off?

Lord Wilson of Dinton: Answers on one side of a piece of paper!

Lord Armstrong of Ilminster: That is a huge question. My view is that the Prime Minister's Office is there to serve the Prime Minister in the things for which he is

especially responsible—appointments, honours, the matters on which he advises the Queen—and in the management of his diary, which is a very complex and difficult thing to do, and in ensuring that he has the advice and the briefing that he needs to carry out his duties effectively. Most of that advice will come from outside the Prime Minister's Office, but the Prime Minister's Office's business is to make sure that it does come and the Prime Minister has the benefit of it. I can remember many cases in which the Prime Minister of the day has had on any particular issue a series of different bits of advice from various places—from the department, from the policy unit if he had it, from the Cabinet Office and indeed from outside sometimes—but, in the end, it is the Prime Minister's duty to consider that advice and where it conflicts to make up his mind where, in his view, the right course lies. I think the duty of the Office of the Prime Minister therefore is to make that process as beneficial to the Prime Minister and as easy for the Prime Minister as it can be. I think that the Cabinet Office is there to manage the collective business of Whitehall, including advising the Prime Minister about how particular issues should be handled, making any comments that they think right on the policy aspects of it but, above all, making sure that the Prime Minister is aware of and understands the complexity of the views of his colleagues when they may sometimes conflict or differ from each other. Since 1981, the Cabinet Office has had of course the additional responsibility, apart from advising the Prime Minister in that way and servicing the Cabinet and Cabinet committee machinery, of handling Civil Service matters. That is a distinct part of the Cabinet Secretary's duties with which all three of us have been concerned in our time, and we had teams of people to support us on that. In a sense, it is an extension of the other role and it flows from the fact that probably the senior civil servant who is closest to the Prime Minister and best able to report on and advise him on Civil Service matters is the Secretary of the Cabinet who is, as it were, the spider at the centre of the web. You say the centre. These two institutions, obviously the Prime Minister's Office and the Cabinet Office, need to work closely together. Even in my time there was a minister for the Civil Service; nowadays we have Cabinet Office Ministers who support that side of the Cabinet Office's work. I do not think that affects the main issue of what I am saying. The centre is really the whole of this working together as harmoniously as possible. One should not overlook—I do not know how far this is part of your terms of reference—the central responsibility of the Treasury. There has always been and there was competition between the Treasury and the Cabinet Office when it was set up and this started in the 1920s, and there has been a continuing edge in that

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relationship, but I think on the whole the Treasury and the Cabinet Office have learnt to live together and have now got their distinct responsibilities. I think that that is working reasonably well, but the Treasury of course does have major central responsibilities in the sense that it is responsible for the whole of government financing, particularly of course of public expenditure.

Q121 *Chairman:* Could I ask my Lords how you respond to Professor Peter Hennessy's statement in evidence to this committee that "we have had since May 1997 . . . a Prime Minister's Department in all but name", and Dr Richard Heffernan's argument that "we do not know where the Prime Minister's Department begins and where the Cabinet Office ends"?

Lord Butler of Brockwell: I would like Lord Wilson to answer this, mainly because he has seen it more recently than us. I think that it is true that it was part of the explicit purpose of Mr Blair to strengthen the centre, and I would be surprised if it does not come out in Jonathan Powell's evidence, to make the Cabinet Office a part of the Prime Minister's Department. We think that does not work well and that that blurs responsibilities and that you can see some consequences of that in what has happened over the last 10 years. We are arguing for a movement away from that. There are certainly other witnesses, and the reason you are hearing Lord Turnbull next week, he is the latest of us, and I think he takes the view that indeed the Cabinet Office must become part of a Prime Minister's Department because government has become so prime ministerial in this country that if the Cabinet Office is not part of the Prime Minister's Department, it will become irrelevant. I think in a sense this is the central issue for you. We argue for the old system and believe it works better and my own view is that the evidence for that is that the changes have not worked particularly well over the last 10 years.

Lord Wilson of Dinton: I come back to what I said earlier, which is that the role of the centre, and especially of the Cabinet Office, does to some measure depend on the personality and preferences and priorities of the Prime Minister, his or her relationship with colleagues, especially the Chancellor of the Exchequer, and how powerful they are within the government and the strength of their political position. Their ability to shape their job depends on these things. I do not think Peter Hennessy, with his normal *joie de vivre* for which I have great respect, is saying much more than that Mr Blair was very powerful, which I think is a fact, and he was able to dispense with some of the constraints which bind many Prime Ministers. What I would argue, as Lord Butler has just said eloquently, is that

if there is an alternative view that we should have an Office for the Prime Minister and that the Prime Minister's role should be in some way more presidential, first of all the question is whether that works well. I think there is quite a lot of evidence that a system in which other Secretaries of State are given more weight and contribute more to the development of policy to bring their experience to bear is a better system; it is also a question of whether future Prime Ministers could actually have the political strength to do that because if they did not, then you would find that the Office was not very strong and they would be driven back to recognising the importance of collective responsibility. If, in the end, you did really want to move to what is called colloquially a presidential system, I think you would need to give a great deal more thought to what were the constraints on the power of the Prime Minister and how you were going to limit it in the way that other systems and Presidents feel it necessary to limit the power of the President. I do not think you can have a system in which the Prime Minister has absolutely no constraints and unlimited power. That is contrary to the very essence of a British constitution and our traditions.

Lord Armstrong of Ilminster: I can remember, and I do not think this is secret history, that when the Prime Minister of the day, Margaret Thatcher, decided that she wished to have a foreign affairs adviser in her office in addition to the private secretary who came from the Foreign Office, the resentment that that caused with her Foreign Secretary, was very bad for relations between them, and at a time and on a subject that was very important that there should be the greatest possible degree of understanding and agreement, and also between the Foreign Office and Number 10, where there was constant suspicion that the influence of the foreign affairs adviser was too strong and malign.

Q122 *Baroness Quin:* Following Lord Armstrong's reference to the role of the Treasury, the evidence of Jonathan Powell, which is perhaps fresh in our minds because we have just received it, is that he also says that he believes "it would be sensible to give serious thought to merging the public spending part of the Treasury with the Cabinet Office in an Office of Management and the Budget under a Chief Secretary, leaving the residue of the Treasury as a traditional Finance Ministry" and that this was looked at a number of times in recent years. I just wondered whether you had any thoughts about that. It struck me as quite a surprising suggestion.

Lord Wilson of Dinton: One could play all sorts of games with the machinery of government if you put your mind to it, provided you remember that whenever you have a major upheaval, everyone

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spends a year or two adjusting to the upheaval and they stop doing their jobs; they take their eye off the ball. Although there have, I am sure, been debates about whether you can split the Treasury and have an Office of the Budget, as I think happens in America, I think there is a confusion if you then propose to bring it into the Cabinet Office because you need somewhere inside the centre of government which looks after the overall management of the government machine without itself becoming *parti pris* or a vested interest within that. There is a job to be done on public expenditure which has to be done; I think it is a separate and distinct job from the job of overseeing the government machine, and providing support to ministers collectively, and making sure that decisions are transmitted clearly and, as it were, managing the Civil Service. I think they are different jobs and I do not see any advantage in merging them together, unless what you are aiming to do is to strengthen the role of the Prime Minister. I would come back to saying that I would stick with the earlier model we have been talking about.

Lord Armstrong of Iliminster: I think it would be fair to say that the public expenditure bit of the Treasury is a fairly self-contained office but of course it is under the same overall management as the other parts of the Treasury which deal with revenue-raising and with monetary policy and international finance, and those come together under the Chancellor of the Exchequer and on the whole I think that is where they ought to come together.

Q123 *Chairman:* Before we come to Lord Rowlands, could I just ask, following what Lady Quinn said, whether your Lordships think that the theory that decisions about the machinery of government, unlike other decisions, should not be collective but should be exclusively within the jurisdiction of Downing Street is a sensible way to proceed.

Lord Butler of Brockwell: My comment on that is not so much that I think they ought to be collective but I support what the Public Administration Select Committee in another place has said, that there should be some sort of parliamentary process, that Prime Ministers should not be able to do it at the stroke of a pen because these changes are expensive and disruptive I will not say that any of us can think of examples where they have been done simply in order to provide a particular job for a particular minister, but that could be a motive in the mind of the Prime Minister, and that I think would be a frivolous way of making decisions. I think there ought to be more constraints on the Prime Minister but so far I have thought of this more as a parliamentary constraint, namely having to do it by a statutory instrument for which you have to get the approval of Parliament.

Q124 *Chairman:* The obvious recent example is the abolition of the role of the Lord Chancellor about which I do not think there was any collective decision.

Lord Armstrong of Iliminster: I think we have to say that that was not on our watch, so none of us can comment on that with direct experience. If it had occurred when I was the Cabinet Secretary, if the then Prime Minister had wanted to proceed in that way, she would almost certainly have called me in and said, “Robert, I am thinking of doing this. Let me have a note about what it involves and what are the pros and cons”. With the help of my colleague in the Cabinet Office most closely concerned, I would have produced within a very short time a note which would have set the scene for the Prime Minister and warned her—advised her I should say rather than warned—of what would be involved in doing that. I have not the faintest idea whether that happened in the case of when the Office of the Lord Chancellor was changed, and I cannot comment on it, but I think that would have been a sensible way to proceed because if it had been done, some of the consequences of doing it would have been able to be taken into account before rather than after the decision was announced.

Lord Butler of Brockwell: If I may add my Lord Chairman, in that case of course there was a parliamentary constraint because it required legislation and the proposal was changed as it went through Parliament. Where it is a question of re-ordering departments, which can be just as disruptive for the reason that Lord Morris referred to earlier because they are all secretaries of state, the Prime Minister at the moment can simply do it through a Transfer of Functions Order and there is no parliamentary procedure or other constraint on it at all.

Lord Wilson of Dinton: We carried out a very big restructuring of government at the time of the election in 2001. I do not think many people remember it now because it went very smoothly but in fact very large numbers of staff and large amounts of money were moved, and that was the product of a great deal of preparation on the instruction of the Prime Minister, in which we gave him advice in the way that Lord Armstrong has described, various options, the arguments and so on. He decided what he wanted and it was implemented on the day of the Cabinet formation after the 2001 election. My own view is first of all that restructuring should happen very sparingly because I think it is often much more costly than any benefits you get visibly from it, and it does cause a lot of people to look over their shoulders at things which are not really what you want them to be thinking about. Secondly, the trouble is that it does tend to be tied up with ministerial appointments. You need to think about your ministerial dispositions at

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the same time as you are thinking about how you are going to reorganise and restructure departments. Unless the Prime Minister does it with the authority he has at that moment of reshuffle, it could easily come into a public wrangle, which would not be very satisfactory because people do not like losing parts of their functions, or they may have ambitions on their colleagues. Although I understand the case for more debate, I think it would be quite hard to manage.

Q125 Lord Rowlands: We have not mentioned what seems to be a whole new ingredient in the process, and that is the expansion of special advisers. We have been quoting Jonathan Powell, the Chief of Staff, the smack of a kind of West Wing type of development. How do you view all that? Again, I am trying to find out to what extent since 1997 there have been significant changes in this respect. What about this whole new ingredient of special advisers scattered through the system?

Lord Butler of Brockwell: I have never had any difficulty about special advisers. I think they have a definite role to play and of course they are not altogether new. They go back to Churchill; there were Kaldor, Nield and of Lord Balogh in the time of Lord Peston. I think that they have a distinctive role. What is important is that a good minister will bring to bear both the ideas of special advisers and the experience and advice of the Civil Service, which may be more conservative, and confront them, and a policy will emerge from that.

Q126 Lord Rowlands: Is that the process that has been happening or not?

Lord Butler of Brockwell: It happens with a good minister and I have seen it happen. Indeed, I can say that from almost all my experience at Number 10 the relations between the special advisers and the civil servants were very good and very constructive. I think there are cases where a weak minister will only listen to the special advisers who give politically welcome advice and will not expose that to what may be regarded as the rather tiresome objections of the Civil Service. That leads to trouble and it leads to bad government but it happens. A minister can do it if he wants to. As I say, I think there is a definite role for special advisers but the way in which then the civil servants are used depends on the wisdom of the minister.

Q127 Lord Woolf: I think this conveniently follows on what I was going to ask and I look forward to your providing the answer. Assuming that a Prime Minister is wanting to act in a way that you would regard as ill-advised and not taking the steps that you indicated, the only check to avoid that happening, as I see it from your perspective, is that you have a

minister who will ensure that whether the Prime Minister wants to hear it or not, he is going to hear it. *Lord Butler of Brockwell:* That is right. There have been examples I think of where initiatives have been announced by the government that have come as news to the Secretary of State responsible and their officials, and that must be unwise.

Q128 Lord Rowlands: So you do not think the new dimension of special advisers really has fundamentally altered the whole process and relationships?

Lord Butler of Brockwell: No, I do not. The number of special advisers tended to be about 40 up to 1997; I think it is now 80.

Q129 Lord Rowlands: It is double?

Lord Butler of Brockwell: It is double but it is not large in relation to the size of the Civil Service. As I say, it depends on how the minister uses them. If the minister uses a special adviser as a screen which protects him or her from other advice, then it is very damaging but a wise minister will not.

Lord Wilson of Dinton: I too agree that a special adviser used well by a Secretary of State is an advantage for the Civil Service as well as for the minister because they can give insights into the minister's thinking, they can deal with the political aspects, say, of the speech which it would not be right for the civil servant to deal with, and so on. My experience is that over my time as Cabinet Secretary most secretaries of state had just two special advisers and I think they worked well in that way. But there was a concentration of special advisers in the centre, in the Treasury and in Number 10. I do think one needs to be clear about what special advisers can do and what they should not do. When I was Cabinet Secretary I made a speech in which I argued for legislation in a Civil Service Bill, which took on this issue about how you limit the number of special advisers. There were people who were prepared to argue we should have 500 special advisers and although they were never I think heard, they were still there. One needs to have some control over the numbers. How you do it is a matter that one can debate. Secondly, I think you need to be clear that special advisers are not getting into a position in which they become ministers in their own right, not accountable to Parliament. I think they are there primarily as an extra source of advice for the Secretary of State; they are not there as a channel for giving instructions to the department or acting themselves as kinds of ministers. I still personally believe strongly in the case for a Civil Service Bill, which I argued for then and I would still argue for.

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Lord Armstrong of Ilminster: If I may add to that, my Lord Chairman, I too share the view that special advisers have come to play a useful part in government when wisely used. I have experienced them in Number 10 and I have also experienced them in the Home Office where we had a very good relationship with a very good special adviser and a good relationship between him and the civil servants and the Secretary of State. So I think that they have a useful part to play in the system of government. The numbers should be limited. Two per Secretary of State is probably a maximum and I think that only one might be right in some departments. So I would like to see that and I think it very important that special advisers should be advisers and should not have executive responsibility or the power to give instructions or orders to civil servants.

Q130 *Lord Pannick:* Lord Wilson mentioned a Civil Service Bill which of course we have been promised for some time and we eagerly await. What I would like to ask really is whether you think, more generally, that legislation could do anything to strengthen the institution of Cabinet government or whether this is all a matter of convention, personality and politics?

Lord Armstrong of Ilminster: My colleagues may differ from me on this. I have never been particularly keen on having legislation on the Civil Service. I am an old fogey, I expect, like Lord Peston; we have got by for 150 years without it, mostly happily, and if one can have an understanding about the role of the Civil Service and the values—the integrity, the impartiality and the honesty and all that—those virtues are best maintained by an acceptance by the political parties who come into government that they are to be respected and observed. My fear in legislating for them is that people will look too much at the detail of the legislation and how you conceivably get round it and not enough at the principles which underlie it. But I am prepared to accept that we now need a Civil Service Bill which will entrench those virtues and, as Lord Pannick says, we have been promised such a Bill. We saw it last year as part of a Constitutional Renewal Bill but it has yet to see the light of day as a fully fledged Bill, and if we have to soldier on for another 150 years I expect we can manage.

Lord Butler of Brockwell: On Lord Pannick's question, I always thought it a rich irony that whereas government and Parliament prescribe in great detail how companies should reach decisions, they do not appear to think it necessary to prescribe how governments should reach decisions. However, having said that, I do not actually think that legislation would greatly strengthen collective government. I have come to the view that a Civil Service Bill is right because I was responsible for the Order in Council that enabled up to three special

advisers from Number 10 to give instructions to civil servants, and I recommended Mr Blair to do that because in fact that was what was happening in the case of Alastair Campbell and Jonathan Powell, so I thought we had better be legal. But it was so easily done, it was done the first weekend by an Order in Council and it rather shook me to realise how easily the fundamental structure of our civil service could be changed, and once that Rubicon was crossed you could never go back. Therefore I thought it would be right to entrench this through an Act of Parliament.

Lord Armstrong of Ilminster: We have actually gone back on that in the sense that there are now no special advisers who instruct civil servants.

Q131 *Lord Peston:* Very briefly, you have been using words like “could” and “should” and so on where one can agree with you totally, but the facts were that special advisers did something which I thought was inconceivable, they were permitted to give orders to officials. I am glad to hear that that has at least temporarily stopped, but surely the right position is that this should not ever have happened—that is certainly my view. Similarly, when I was a special adviser I had no agenda of my own other than serving the secretaries of state that I was working for. The special advisers today—one only sees this from the outside—do have agendas of their own and that too is of major constitutional significance, is it not? We do not have to take a view ourselves as a Committee whether we think that is reversible or not, and I would have thought what happened in the last few years was very significant in terms of the constitution and the role of officials.

Lord Butler of Brockwell: All I would say about that is that there is a long history of political appointees being heads of units which contain civil servants who reported to them. The Prime Minister's press spokesman at the press office had been a political appointment in many administrations and had civil servants working for them and heads of policy units had also. It had actually happened, therefore, but it had never been acknowledged and authorised by proper reform and in an excess of zeal I asked Parliamentary Counsel whether we ought to regularise this—and it is always a mistake to ask a lawyer anything because they said you had better do so.

Q132 *Lord Peston:* The example, which you must have known about, of Alan Walters and Nigel Lawson—that was an older one—should never have been allowed to happen surely?

Lord Butler of Brockwell: Alan Walters never had executive powers.

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Q133 Lord Peston: No, he did not, but he certainly got in the way of old-fashioned government behaviour. He got rid of a Chancellor of the Exchequer when all is said and done: not bad going.

Lord Armstrong of Iliminster: That was a matter of personalities as much as anything and I do not know that I would draw any conclusions from that for the system as you might say. I do think that, in a sense, the blame for the decision to give two or three special advisers the power to instruct civil servants falls on Mr Blair really. He should not have done it; if he was going to insist on doing it as a new Prime Minister I can understand why Robin Butler thought that he should be made an honest man of.

Lord Wilson of Dinton: Special advisers are only as strong as their minister allows them to be and I think there ought to be clear limits to the power that they can be given. I said this when I was Cabinet Secretary: I would not allow them to give executive instructions. Their relationship should primarily be as a special kind of adviser for their Secretary of State, and if they have an agenda of their own they should argue it with him and the department should be given every opportunity to advise and to argue in the contrary sense if that is what they think is right.

Lord Armstrong of Iliminster: I think I am right in saying that the Order in Council in question has lapsed and the provisions in the Constitutional Renewal Bill that we saw last year governing the Civil Service do not include any power for special advisers to give instructions.

Q134 Lord Norton of Louth: Two questions that relate very much to what Lord Armstrong was saying earlier about the role of the Cabinet Office. You were saying it is a traditional role which is co-ordinating Whitehall, but you said that has been added to now with responsibility for the civil service, and you were suggesting earlier that you thought those two roles were complementary, that the Cabinet Office handled them well. Peter Riddell in his evidence suggested in fact that it was problematic and Dr Heffernan suggested that it actually meant that the Cabinet Office had too much to do. The first question is do you agree with that, is the Cabinet Office essentially a burden, and the second question relates to the very role of the Cabinet Secretary and how that has changed relating to those two roles, because Peter Riddell was suggesting that some cabinet secretaries focus very much on the co-ordinating role, while some others have been very much more geared to heading the Civil Service. Do you share that analysis? Peter Riddell's view was that the Cabinet Secretary ought to be more concerned with co-ordination, while Jonathan Powell's view was that the Cabinet Secretary ought to be more concerned with just

running the Civil Service. Do you have a view on how it has changed and what the role should be?

Lord Armstrong of Iliminster: My colleagues who were more directly concerned will have more to say about this but this started when I was Cabinet Secretary in 1981 and it has obviously changed since that time. The job of Cabinet Secretary is a very big one and involves a great deal of work, with very long hours and many pressures. I thought that the important thing was to keep up the co-ordination, the role that I inherited in a sense from Lord Trend and Lord Hunt, working for the Prime Minister and for the Cabinet, and I also thought that, given that Mrs Thatcher had decided to abolish the Civil Service department, the time had passed when the whole responsibility should revert to the Treasury, and that there were parts of the management of the Civil Service which should rest outside the Treasury. I also thought that the senior official in the best position to act as Head of the whole of the Civil Service was the Cabinet Secretary, simply because he was the senior official who saw and dealt with the Prime Minister most frequently. She—in my days it was she—of course did see the Secretary to the Treasury but much less frequently than she saw me; she would see me every day and sometimes twice a day and it was a close relationship in that sense. In order to accommodate the duties of being Head of the Civil Service I had to delegate some of the briefing work which I used to do for the Prime Minister to the Deputy Secretaries in my department. I inherited a system in which all the briefs for the Prime Minister on Cabinet business were signed by the Cabinet Secretary and were very often written by him. I felt obliged to alter that system in order just to take the strain off and allow the deputy secretaries, who were extremely able, to submit their briefs direct to the Prime Minister. They would copy them to me and if I had a different view or wanted to comment on them I could do so separately, but I was not then doing the main brief direct. One therefore had to accommodate the two roles and of course it was a pressured job, of course there was a lot to do, but I found it worked and perhaps my colleagues can tell me what was thought of it at the time. It seemed to work with departments and with colleagues also that it was done in that way.

Lord Butler of Brockwell: The two roles are complementary to each other and should be exercised by the same person for a formal reason, that the Prime Minister is the minister for the Civil Service and is responsible for top Civil Service appointments, so it is a good thing that the Cabinet Secretary, who is the official who works mainly to the Prime Minister, also advises on that. But there are two practical aspects of it which I think are decisive. One is that when there was a separate Civil Service department, the Permanent Secretary of that

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department—even people as distinguished as Lord Bancroft—could not often get an audience with the Prime Minister because the Prime Minister’s interests were not really so much in running the civil service, but the Cabinet Secretary can get that audience and so the Civil Service issues get a better hearing. The second, I am afraid, is a more Machiavellian one, which is that to have some influence and control of the senior appointments gives the Cabinet Secretary and indeed the Prime Minister some leverage over government departments which is helpful in the rest of the Cabinet Secretary’s responsibilities.

Lord Wilson of Dinton: I agree, my Lord Chairman, with those answers. On the role of the Cabinet Office itself one of the dangers one has to watch for is that it does not get too ambitious in what it takes on; that is always a temptation to add to its responsibilities—everyone wants to be in the Cabinet Office because they see it as a position where you have power and you can dictate to departments. I notice at the moment though that one of the Cabinet Office’s strategic objectives is to “improve outcomes for the most excluded people in society”. There is a question in my mind as to whether that is either something the Cabinet Office can actually reasonably deliver—and you should never tie yourself to something you cannot—or indeed whether it is an appropriate objective. I do not know more about it than that. I also think the other thing the Cabinet Office must not do is take on executive functions which cross wires with departments. I notice again from its website that it has been holding a seminar on “information and advice to third sector organisations interested in bidding to the £1 billion Future Jobs Fund”. When you read that you think that is something they are responsible for, but actually it is the Department for Work and Pensions. There is a question in my mind; the more you take on executive functions the more you may actually get away from your proper role, and find yourself in a position where you are competing with departments, which is not a sensible thing to do.

Q135 Lord Norton of Louth: There is the danger—being too ambitious is what has been put to us—that the Cabinet Office might become a little too cluttered.

Lord Wilson of Dinton: Yes, it is a constant problem we need to guard against.

Lord Armstrong of Ilminster: Both of those two things that Lord Wilson has mentioned sound to me as if they were proper responsibilities of the Secretary of State for Work and Pensions, and if I were Secretary of State for Work and Pensions I should feel that an intrinsic part of my statutory function and my statutory responsibilities was being taken away from me or diminished.

Chairman: The final question from Lord Rowlands.

Q136 Lord Rowlands: I believe you have all answered this question but I would like your confirmation that you do not support the idea of a department for the Prime Minister and the Cabinet of the kind that has existed since 1911 in Australia, for example.

Lord Butler of Brockwell: I do not support that. Our system is different and it would make things worse.

Lord Armstrong of Ilminster: I agree with that and I suspect the Australian cabinet secretaries, with whom I had considerable dealings, would probably agree with it too.

Lord Wilson of Dinton: There is always a danger in looking at other countries and cherry-picking the little bits of their constitution that you like and trying to say why do we not bring it here, without looking at all the other safeguards and the context that goes with it.

Q137 Chairman: Lord Armstrong, Lord Butler and Lord Wilson, could I thank you most warmly on behalf of the Committee for joining us this morning and for the evidence you have given us. Thank you very much.

Lord Armstrong of Ilminster: Thank you for giving us the opportunity to come and give evidence to you.

WEDNESDAY 1 JULY 2009

Present	Goodlad, L (Chairman) Lyell of Markyate, L Morris of Aberavon, L Norton of Louth, L Pannick, L Peston, L	Rodgers of Quarry Bank, L Rowlands, L Shaw of Northstead, L Wallace of Tankerness, L Woolf, L
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Memorandum by Sir Robin Mountfield

The Cabinet Office changes its shape frequently. It does so in part to meet the preferences of the Prime Minister of the day. But these changes may also reflect longer-term trends in the way the political system works.

The historic core of the Department, from the First World War onwards, is of course the Cabinet Secretariat and the security co-ordination functions which grew out of it. But three other elements of its work have proved more variable, and it is to these three that this note relates:

- the role of the Cabinet Office in the relation to the Civil Service;
- the Department's ownership of special units established either to coordinate or to drive the Government's strategic policies; and
- the Department's "dustbin" function as home—usually temporary—for units for which no permanent home has been established.

The note draws on my experience as Permanent Secretary of the Office of Public Service (1995–98) and Permanent Secretary of the Cabinet Office (1998–99). I do not seek to comment on more recent developments, which make the Cabinet Office of today look very different from that of even ten years ago. I also make some brief comments on the role of Cabinet Office Ministers and on staffing.

1. THE CABINET OFFICE AND THE CIVIL SERVICE

1.1 Historically, the central management of the Civil Service lay with the Treasury—not surprising since the cost of the Civil Service was, before the development of the welfare state, a significant proportion of public expenditure. After 1919 the post of Head of the Civil Service was for many years held by the Permanent Secretary of Treasury. The Treasury was, however, never a comfortable home for this work; it is much more nitty-gritty than the work of the main public expenditure divisions, and far removed from the broad fiscal and overseas finance functions of the Treasury. The Management and Pay part of the Treasury was generally regarded rather as a poor relation, and did not always attract staff of the highest quality.

1.2 In 1968, following the Fulton Report, Harold Wilson split off the management of the Civil Service from the Treasury into a new Civil Service Department (CSD), with its Permanent Secretary holding office also as Head of the Civil Service. In 1981 Mrs Thatcher abolished the CSD, regarding it as having been captured, and returned manpower (numbers and cost), pay and pensions to the Treasury. The rump, dealing with top appointments, ethical questions and efficiency issues, was placed in a new Management and Personnel Office in the Cabinet Office. Initially the Headship of the Civil Service was held jointly with the Permanent Secretary of the Treasury, but after 1983 by the Cabinet Secretary alone.

1.3 The MPO proved a short-term solution. In 1987, most of its work was passed back to the Treasury, and an even smaller rump became the Office of the Minister for the Civil Service (OMCS). At this time however there was renewed interest in efficiency issues. From 1988 the beginning of the "Next Steps" programme (arising from a report by the Central Policy Review Staff) was led, after a battle for control with the Treasury, from within the OMCS, with a Permanent Secretary as Next Steps Manager. Reflecting this new emphasis, a new Department within the Cabinet Office was established in 1992, called the Office of Public Service and Science (OPSS), with the Chancellor of the Duchy of Lancaster, within the Cabinet, in charge. This contained the Efficiency Unit (whose head was the Prime Minister's Efficiency Adviser), the office of the Government Chief Scientific Adviser with responsibility for the Research Councils, and a unit running the new Citizen's Charter, together with the ethical and regulatory responsibilities and for the top Civil Service appointments (the last reporting direct to the Head of the Civil Service).

1.4 In 1995, I moved from the Treasury to be Permanent Secretary of the OPSS, bringing with me the Management and Pay Divisions of the Treasury and thus reuniting in one place all the main responsibilities for the central management of the Civil Service. The Treasury retained an interest in pay and efficiency in individual Departments as part of its general expenditure functions, and a Memorandum of Understanding established an informal basis of cooperation between the OPSS and the Treasury. Shortly after my arrival Science was moved to the DTI (see para 3.2 below) and the Department became the Office of Public Service; and so it remained until 1998 when it ceased to exist as an independent Department and its divisions were merged with the rest of the Cabinet Office. My own post (until my retirement in 1999) became that of Permanent Secretary of the Cabinet Office, though in practice it remained focused on the same activities as before, together with the role of Principal Accounting Officer for the Cabinet Office Votes as a whole (including Number 10) apart from the security votes.

1.5 In parallel with these changes, one major change was occurring in the management of the Civil Service: progressively through the early 1990s, responsibility for pay negotiation and for grading (which had been done centrally by the Treasury's Management and Pay divisions) was delegated to Departments. Formally this was done by a delegation from the Minister for Civil Service (the Prime Minister) to individual Secretaries of State, but in practice by delegation by the Treasury to individual Departments and even to Agencies within them. Pay, although subject to generally common "negotiating remits" from the Treasury, in practice began to diverge for staff outside the Senior Civil Service; grading levels and job titles, and to some extent the coherence of the Service itself, also began to fragment. In consequence, the role of the central management of the Civil Service was to some extent diminished. Many, including myself, now believe this fragmentation went too far, and some welcome steps are being taken to reinforce at least the cultural coherence of the Civil Service.

1.6 I have no doubt that the central management of the Civil Service is best placed outside the Treasury. It plainly needs to be close to whoever holds the post of Head of the Civil Service, and since 1983 that has been the Cabinet Secretary alone. The combination of the two posts creates a massive burden, and it is a matter of perennial debate whether the posts should be combined. On the one hand, the Cabinet Secretary has automatic frequent access to the Prime Minister and can ensure the Civil Service's interests and challenges are given appropriate prominence. On the other hand, it is sometimes argued that the Cabinet Secretary as principal adviser may in some circumstances be inhibited from pressing the interests of the Civil Service in the way that, for instance, the Service Chiefs are able to do. But the biggest question is the manageability of holding down two distinct and equally heavy burdens. It is not a law of nature that the two posts should be combined, and I am ambivalent on the subject. If they were not combined, the case for Civil Service management being in the Cabinet Office would be weaker, and the case for a separate Civil Service Department stronger.

2. SPECIAL UNITS TO COORDINATE AND DRIVE STRATEGIC POLICY

2.1 The classical function of the Cabinet Secretariat was seen as one of coordination, providing a trusted secretariat service to the Cabinet as a whole rather than to the Prime Minister alone. Although the Cabinet Secretary generally has had a very close relationship with the Prime Minister of the day, and has been able to marshal his Permanent Secretary colleagues (especially at those times when the Cabinet Secretary was also Head of the Civil Service), this has been an informal mechanism in support of Prime Minister in his role as chairman of the Cabinet, rather than as any kind of presidential figure.

2.2 There had been previous experiments in establishing a more formal policy analysis capability at the centre of government—for example Lloyd George's "Garden Suburb" and Churchill's Statistical Unit under Cherwell. In 1970 a new attempt was made, with establishment of the Central Policy Review Staff based in the Cabinet Office. This followed debate about whether what was needed was a strengthened capability in the Prime Minister's office, or the provision of a service to the Cabinet as a whole. The outcome, promulgated in Mr Heath's White Paper on *Reorganisation of Central Government*, was that the CPRS had a clear role of providing analysis of strategic policy issues for the Cabinet as a whole. This was indeed how the CPRS operated through the 1970s, and was perhaps one reason why Mrs Thatcher abolished it in 1983 and transferred its activities to a strengthened Number 10 Policy Unit. It is not easy to determine whether this reflected the personality of the Prime Minister, or some longer-term trend towards a more presidential style of prime ministership; certainly what followed in the Blair Administration suggests the latter.

2.3 The Number 10 Policy Unit was never part of the Cabinet Office and although the Cabinet Office Vote included Number 10, there was a clear and jealously guarded boundary between the two—the locked door between the Cabinet Office and Number 10 of "Yes Prime Minister" fame. However in recent years this has become progressively a blurred boundary. The Performance and Innovation Unit (PIU), and subsequently the Social Exclusion Unit (SEU) were established within the Cabinet Office, but rather clearly as agents of the Prime Minister rather than of Cabinet as a whole. Although, having retired in 1999, I have no direct experience of later developments, subsequent changes seem to me to have reinforced this trend.

2.4 Why has this happened? There may be deeper reasons for a secular trend to a more presidential style of Prime Ministership, possibly linked to the prominence given internationally to Heads of Government relationships, or to the increased visibility growing out of the development of more personalized and 24-hour media. But at a more technical level I believe there has been a growing recognition—not only in the UK—that many of the most difficult issues facing a modern government span institutional departmental boundaries. These are the so-called “wicked issues”, for instance issues of social deprivation often involving all or some of the Departments responsible for housing, health, social security, crime, drugs and education. In 1997 I coined the phrase “joined-up government” as shorthand for this need for a modern government to operate coherently across departmental boundaries, in a sense “horizontally” as well as “vertically”. We had already begun to think in this way in the OPS before the 1997 election, for example establishing a Central Information Technology Unit in 1995 which was starting to develop approaches to using IT to deliver services to the citizen in a more coherent and “packaged” way. There remains much to be done in this field, though much progress has been made. But “joined up government” is also about coherent policy as well as coherent service delivery, and the PIU and SEU and their successor units were directed to identifying cross-departmental approaches to the great issues.

2.5 Horizontal policy-making and service delivery are not easy to accommodate within ministerial, budgetary and accountability structures that are—necessarily—“vertical”. It involves a form of “matrix management”, in which horizontal coordination and vertical accountability can be optimised. Here too there is much that has been achieved, but much remains to be done. Cross-departmental Public Service Agreements, joint appearances of Accounting Officers before the PAC, etc are indications of the kind of changes that are now occurring, with budgets for cross-departmental policies becoming part of the way in which major programmes are managed.

2.6 This is an intensely exciting change in the way government can work. But it brings with it a need for stronger direction from the centre than the classical “co-ordination” role of the Cabinet Office. It has also complicated the relationship between the Cabinet Office and Treasury. The two Departments, together with Number 10, are often now referred to collectively as “the Centre”. But three parties do not always make for an easy marriage, and there remains necessarily a certain amount of creative tension between the Treasury and the Cabinet Office, though increasingly less of a boundary between the Cabinet Office and Number 10. Perhaps more important is the changing relationship between individual Departments, and their Secretaries of State, and “the Centre”. In the management of the Civil Service there have rightly been determined efforts to re-establish a degree of collegiality into the strategic direction of the Service. But in broader policy areas there seems to me to have been less collegiality and a strengthening of central direction, with a diminution in the constitutional sovereignty of Departments and of their Ministers. The apparent weakening of the Cabinet itself is perhaps a reflection of the same trend. Although much criticized, and although always subject to the personalities of key players, I suspect this trend is inevitable.

3. THE “DUSTBIN” FUNCTION

3.1 The Cabinet Office has from time to time been seen as a home for special units or other activities for which no other natural home had been established. I referred above to the office of the Government’s Chief Scientific Adviser. That was part of the OPSS, but in 1995 on the appointment of Mr Heseltine as Deputy Prime Minister, it was decided to relocate it to the DTI, along with its responsibility for the Research Councils.

3.2 The OPS also contained at various times the Competitiveness Unit and the Deregulation Unit (later renamed the Better Regulation Unit), which Mr Heseltine brought with him from the DTI at the same time as the move of Science in the opposite direction; the Anti-Drugs Unit; the Women’s Unit; and the newly-created Central Information Technology Unit. All of these have now either disappeared, or been absorbed into other structures, or moved elsewhere in Whitehall. At other times responsibility for the Third Sector shifted in and out of the Cabinet Office, where it now lies.

3.3 In 1995 the OPS also “owned” a series of Executive Agencies (some of them inherited from the Treasury)—the Chessington Computer Centre (which provided payroll services to much of the Civil Service); the Civil Service College; the Recruitment and Assessment Service (the rump of the former Civil Service Commission’s recruitment function); the Central Computer and Technology Agency; and the Occupational Health Service (formerly the Treasury Medical Advisers). It also acquired from the Department of the Environment several activities which had once been part of the Property Services Agency—the Buying Agency, The Property Advisers to the Civil Estate, the Security Facilities Executive and the Government Car and Despatch Agency. It also had ministerial responsibility for two non-ministerial departments, HMSO and Central Office of Information. Some of these were privatised before the 1997 election.

3.4 It might be asked why all these bodies were located in the Cabinet Office, for varying lengths of time. The reasons are diverse. Some were brought in by Mr Heseltine from DTI so that he could continue to drive competitiveness and deregulation as overarching government policies; he also brought in from the Department of the Environment the agencies mentioned above to expedite his policy of privatization of peripheral activities. Other agencies provided central services to the Civil Service, and for these (where they remain unprivatised) the Cabinet Office seemed as good a home for them as anywhere. Other homes, names and structures have since been found for these activities.

3.5 In the same way, in the policy field, the OPS was responsible for the Open Government initiatives, first under the Conservative Government and then, under the Labour Government, in preparation for the Freedom of Information Act. This grew initially out of the Cabinet Office's responsibility for general guidance to the Civil Service. But after the publication of the Freedom of Information White Paper, *Your Right to Know* in 1997, responsibility was passed to the Home Office, and later to what is now the Ministry of Justice.

3.6 I am not sure what general lessons can be learned from this complicated story (for which parallels existed in earlier times and perhaps still do). I do however think that too much emphasis is typically given by ministers—no doubt in the interests of demonstrating initiative—to institutional tinkering. The Cabinet Office used to maintain a Machinery of Government Division, charged with serious analysis of Departmental boundaries and similar issues, and the Cabinet Secretary expected to give careful advice on such matters before decisions were taken. In practice, increasingly and regrettably, many changes in Departmental boundaries now take place not for the best organizational reasons, but to accommodate the ephemeral requirements of personalities involved in Cabinet-building. Meanwhile, cutting up and merging different parts of different Departments is enormously more disruptive than Prime Ministers (without direct personal experience of such matters) generally envisage. There are of course times when organizational boundaries need to be changed; they should be deeply considered and properly planned and timed, and not introduced at five minutes' notice to meet the temporary convenience or enthusiasm of Prime Ministers.

4. ROLE OF CABINET OFFICE MINISTERS

4.1 One feature of the Cabinet Office which does not normally receive much attention is the role of its ministers and their relationship to the Cabinet Secretary and Head of the Civil Service. The problem is that many of the Cabinet Office's functions, both in Secretariat and in those relating to the leadership and management of the Civil Service, are and must be essentially under the control of the Cabinet Secretary and Head of the Civil Service, who is answerable to the Prime Minister and not to any other Minister. In practice, the role of Cabinet Office Ministers (whether as Chancellor of The Duchy of Lancaster or some other title) has been mainly in the area coordination of presentation, as occasional government spokesman and trouble-shooter, and as spokesman in Parliament on Civil Service and related matters. The relationship has been, therefore, typically more with Number 10 than with the Cabinet Office. It is an inherently uneasy position, without the independent command that a senior Minister would normally expect over his or her Department, and in particular with an indistinct boundary with the Cabinet Secretary and Head of the Civil Service.

5. CABINET OFFICE STAFFING

5.1 The balance between continuity and tonic change in staffing was one other feature of the Cabinet Office which, as a Permanent Secretary, I found troublesome. The long-standing practice for the Cabinet Secretariat had been that staff would be seconded in from other Departments for a single tour of perhaps three years. This had the great benefit of creating a culture representative of Whitehall as a whole, and demonstrating that the Cabinet Office was in some sense owned by Whitehall as a whole, distinguishing it from the Treasury, the eternal enemy. The same practice existed in many of the special units, again reflecting and demonstrating their independence of approach. The former Treasury Management and Pay Divisions, on the other hand, were staffed mainly by permanent Treasury staff. Increasingly, after their transfer to the OPS, the more senior posts in these divisions were filled on secondment from elsewhere, with the benefit again of keeping Civil Service management policy in touch with real life in Departments outside the centre. The secondment culture however had the disadvantage that there was little or no core of permanent Cabinet Office staff at middle and senior levels, on which to base a sense of departmental coherence and continuity. Given the fluidity in the role and organisation of the Cabinet Office in recent decades, this is perhaps an inescapable problem.

19 May 2009

Examination of Witnesses

Witnesses: LORD TURNBULL, a Member of the House, former Cabinet Secretary and SIR ROBIN MOUNTFIELD, former Permanent Secretary, Cabinet Office, examined.

Q138 Chairman: Lord Turnbull, Sir Robin, thank you very much indeed for joining us. We are being televised, so could I please ask you to formally identify yourselves for the record?

Lord Turnbull: I am Lord Turnbull, a retired civil servant. I was at one stage, between 1998 and 2002, the Permanent Secretary of the Treasury. Prior to that I had worked in Number 10 under two Prime Ministers; then, from 2002 to 2005, I was the Secretary of the Cabinet and Head of the Home Civil Service. I have therefore spent about a third of my career in the centre.

Sir Robin Mountfield: My name is Robin Mountfield. I have spent most of my career in DTI and its forebears; three short years in the Treasury, and then I moved to the Cabinet Office as Permanent Secretary of what was then called the Office of Public Service. I ended up with the slight misnomer of a title, the Permanent Secretary of the Cabinet Office, in my final year. It is 10 years since I retired and I feel very much out of date.

Q139 Chairman: Can I begin by asking which constitutional issues you think are the most important for this Committee to enquire into in our inquiry into the work of the Cabinet Office and central government.

Lord Turnbull: I think that the previous witnesses from the Cabinet Office all believe that Cabinet government is an important principle; that the source of a great deal of good government needs to be nourished, nurtured and strongly supported by the Cabinet Office. A number of trends have been identified which in some way threaten this great institution and system, in particular the growth in profile of the Prime Minister. I would not call it “presidentialism”; it is a strong Prime Minister. Some of those things are inevitable. Robert Armstrong referred to a growing international role, a growing media role, the fact that the Prime Minister attends the G8 summit and the European Council. All those things will tend to push the profile of the Prime Minister and the danger, the temptation, is that the Prime Minister then seeks, in a sense, to go it alone, does not involve colleagues and does not build up the status of secretaries of state and their departments. The danger I would therefore want to avoid is the do-it-all Prime Minister.

Sir Robin Mountfield: I would draw a bit of a distinction between constitutional concerns and the administrative ones or how you organise things. The constitutional issue is what Andrew has described. There is some sort of spectrum between a very orthodox, old-fashioned, collective responsibility

approach to the Cabinet at one extreme, to what is loosely called “presidential” at the other. I am not sure I quite agree with Andrew that there is a great difference between a dominant Prime Minister and a presidential style, but there is a spectrum between the two concepts. We move along it and sometimes we move back. There is probably a secular trend towards a more dominant or presidential style. The constitutional issue is where that balance is most appropriately drawn in modern circumstances. There are certainly some long-term pressures that point in the direction of a dominant head of government. The G8, the global visibility thing, is clearly one; the 24-hour news cycle is another. I think that there is also a growing awareness, not just in this country but in many countries, that many of the great issues that face a modern government are ones that span organisational boundaries; that therefore there needs to be a stronger co-ordination, maybe a stronger direction, than perhaps was conventionally the case in the past. That is the main constitutional issue. There is a subsidiary one about how important the secretaries of state are; whether they have actually lost the departmental sovereignty that is the conventional position. I would also treat as a constitutional issue the role of special advisers, which I think has become a growing problem. A good special adviser is gold dust, but they can be an awful nuisance and they change the nature of the animal, many of them treating themselves as unaccountable junior ministers. I think that has become a very serious problem, which verges on the constitutional rather than the organisational.

Q140 Lord Lyell of Markyate: You mention co-ordination. Is that one of the central purposes of the Cabinet Office? I certainly have always thought that it was supposed to be. Was it working in your days? Is it working now?

Sir Robin Mountfield: I certainly think that it is the central function of most of the Cabinet Office. At the very least, it is a dispute resolution mechanism. That is the conventional view that, for example, is in the Ministerial Code. At the other extreme, as I think I have suggested, there is a growing need for something a little bit more than dispute resolution: a pulling-together of the interests and the agendas, if you like, of different departments across the great issues. Social policy, for example, spanning crime, housing, education, et cetera. Criminal justice policy, spanning the Home Office, increasingly the Ministry of Justice, the Prosecution Service, prisoners, probation, et cetera. There are all sorts of things of that kind where the issues are increasingly visible as cross-

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departmental issues. “Co-ordination” is too loose a word for what is emerging in that area. I coined the phrase “joined-up government” 10 years ago, which has been much abused since, but that is what I am talking about.

Q141 Lord Lyell of Markyate: It sounded wonderful, did it not, but was it joined-up when there was a complete mess-up over the changes to the Lord Chancellor in 2003? Was it joined-up in 2007 when the present Prime Minister did not understand the position of the Attorney General? Was it joined-up when nobody told them that the law on official secrets had been changed, at a time when they were arresting Damian Green? Were those not all serious errors, which one would have expected the Cabinet Office to have warned about?

Sir Robin Mountfield: I am in the happy position of not having been there!

Q142 Chairman: Lord Turnbull, some of this was on your watch—the question of the Lord Chancellor.

Lord Turnbull: I will deal with certain aspects of the Lord Chancellor change. I think that the substance of what was done was absolutely what needed to be done. The role of Lord Chancellor was hopelessly compromised by being a sort of holy trinity of all sorts of conflicting functions. On the day, it was a complete mess-up. There are various reasons for this. First, it was very difficult to produce the change when the incumbent Lord Chancellor was strongly against what was being done; so you got no co-operation from him. Secondly, this was the week in which we published the five tests for the euro. It may seem history and academic now, but the first two days of that week the Prime Minister spent his time announcing that and going round the various media outlets and Parliament. On the Wednesday he flew to Paris to talk to President Chirac. Thursday morning he came back and launched straight into this Cabinet reshuffle and machinery of government change, and it was very poorly prepared. As a result, one of the things that went badly wrong was not just the Lord Chancellor’s office: it was the so-called “abolition” of the Secretary of State for Scotland. The Secretary of State for Scotland was not being abolished. The Secretary of State for Scotland exists in statute. The job of being the Secretary of State was being attached to someone else who was a Secretary of State for something else. Someone probably went to Helen Liddell and said, “I am terribly sorry that you have to leave the Cabinet, but the job is being abolished”. If you do not have the time to do it, you are deciding what to do at the same time as you are doing it, and at the same time as you are explaining to people what you are doing, and in the end you get in a terrible mess.

Q143 Chairman: Can you say what consultation took place and with whom before the decision was taken to allegedly abolish the role of the Lord Chancellor? Was the Leader of the House of Lords consulted? Was the Lord Chancellor consulted?

Lord Turnbull: The Lord Chancellor was consulted. The problem was that he disagreed with it.

Q144 Chairman: Was the Leader of the House of Lords consulted?

Lord Turnbull: I do not know. Probably not, actually.

Q145 Chairman: Do you think that the practice of changes in the machinery of government being taken exclusively by people in 10 Downing Street is adequate in the modern world?

Lord Turnbull: In general, no. Although Richard Wilson explained some reasons why this very frequently needs to be conducted as part of a reshuffle, because that is the point at which the Prime Minister can say, “This is the job I am appointing you to” and there is not any argument about it. For example, there were months and months of extremely acrimonious argument about whether benefits and providing services to the unemployed should be brought together, back in the Department of Employment. They got nowhere until the election of 2001. At that point, the Prime Minister was able to say, “I have decided it will be resolved in the following way”. There were therefore extensive discussions on that.

Sir Robin Mountfield: I have a slightly more sceptical view of this. There clearly have been a number of important departmental changes, which have been done after very serious study. DWP was one; I think Revenue and Customs was one, and so on. However, there have been an awful lot that seem to me to have been made on the spur of the moment in order to meet the exigencies of meeting individual people’s *amour propre*. For example, what has happened to the universities seems to me absurd: to have changed it 18 months or two years ago and then to change it back again, into a different situation. I cannot believe that those issues have been properly explored. There used to be a unit in the Cabinet Office, and maybe there still is, called the Machinery of Government Division, which was charged with very serious study of these things, and they would result eventually in well-considered changes. However, these things should not be made just on the basis of making a nice package of responsibilities for an incoming minister.

Q146 Lord Pannick: I have two questions to Lord Turnbull relating to the abolition of the role of the Lord Chancellor. The first is whether the senior judiciary were consulted. The second is whether you would agree that that unhappy episode, of abolishing the office of the Lord Chancellor, demonstrates the

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dangers of profound constitutional change without proper groundwork.

Lord Turnbull: One of the changes was the creation of a Supreme Court, by moving the Judicial Committee of the House of Lords into its own persona and location. We made the mistake of thinking that we knew that there was backing for this in the House of Lords Judicial Committee. It turned out that they were deeply split.

Q147 *Chairman:* Did you consult them?

Lord Turnbull: Not explicitly but I think that there were soundings going on, conducted through the then Permanent Secretary of the Lord Chancellor's Department. I think we kind of thought that we knew that we were doing something that they wanted. It turned out that we were not.

Lord Lyell of Markyate: It would have been better to have asked them expressly, would it not?

Q148 *Lord Morris of Aberavon:* Is not the truth of the matter, coming back to the change in the Lord Chancellor's Department, that the centre was just not up to speed to meet Prime Ministerial demands, and that there should be a reservoir of knowledge within the Cabinet Office—despite the need to avoid taking other people into one's confidence—in order to ensure that the Prime Minister of the day, on this issue and the other issues mentioned by Lord Lyell, is able to be properly advised? I can tell you that in 1992, through the grace of the then Prime Minister, I was allowed as the chief legal spokesman to consult with the new Department of the Lord Chancellor. Sir Thomas Legg came along with his two henchmen and explained to me all the problems which arose in the time the Lord Chancellor was changed. They knew it all in that Department. The reservoir was there. Hayden Phillips claims he knew. I think that it is questionable. Why was there not this reservoir of knowledge, so that the Prime Minister did not put his foot wrong?

Lord Turnbull: There was a reservoir of knowledge, in the sense that we were doing this in conjunction with the senior officials of the Lord Chancellor's Department; but they were constrained, since their boss was seen as obstructing this change.

Q149 *Lord Morris of Aberavon:* That does not stop them telling the Prime Minister, or the Cabinet Secretary grabbing the chief civil servant in the Lord Chancellor's Department and telling the reality of the position: that the Lord Chancellor must sit on the following morning on the Woolsack and have a wig and not borrow a wig, as he did, from somebody else.

Lord Turnbull: We consulted the officials in the Lord Chancellor's Department. Maybe we did not get the right advice.

Q150 *Lord Morris of Aberavon:* The result was ludicrous.

Lord Turnbull: It was for a time, yes.

Q151 *Lord Lyell of Markyate:* You got rid of somebody like Sir Thomas Legg, who understood the position to his fingertips, and you put three permanent secretaries in succession heading the Lord Chancellor's Department, none of whom have any legal background whatever.

Lord Turnbull: I cannot remember who the three are, but the one we would—

Q152 *Lord Lyell of Markyate:* They are Hayden Phillips and then the excellent—

Lord Turnbull: I am not going to accept the denigration of Hayden Phillips. I think that he is capable of grasping these issues.

Q153 *Lord Lyell of Markyate:* He is a very capable man indeed but he has no legal background whatever, has he?

Lord Turnbull: No. I do not think I accept the proposition that the head of that Department has to be a legally qualified person, as opposed to having access to legal advice.

Q154 *Lord Morris of Aberavon:* It should be some person who has knowledge of the practicalities and is able to tell the Cabinet Office.

Lord Turnbull: Where does this lead you? Does this mean that the Permanent Secretary at Health has to be a doctor and the Permanent Secretary at Defence has to be a military man? It is not a principle that I am going to sign up to.

Q155 *Lord Lyell of Markyate:* Lord Turnbull, you are shifting the ground. We signed up to the fact that you could appoint somebody who was not a lawyer to be Permanent Secretary, and that required a statutory change. We are not going back on that but, if you are going to appoint somebody with no legal background, good government requires that that very capable fixer, as it is sometimes said of Sir Hayden—a very capable civil servant—should have immediate access to somebody who does understand the position. That does not seem to have happened, does it?

Lord Turnbull: I think he had access to legal advice in the Department. I am sure he did.

Q156 *Lord Woolf:* Obviously I have been closely involved with these matters for a little time. On the question of Sir Hayden Phillips's knowledge, I have to say that I thought he was an absolutely first-class Permanent Secretary. He picked up the position remarkably rapidly. I had opposed in the House the taking away of the parliamentary requirement that he

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should be a legally qualified person and I acknowledged in due course that, so far as Sir Hayden was concerned, he had shown that it was possible for a general civil servant to do that job. Forgive me, My Lord Chairman, I thought that I should just say that. However, I would like to add to it and see what Lord Turnbull's views are. On a different matter, I do know that there had been deep concern expressed by the judiciary in respect of the idea of taking responsibility from the Lord Chancellor's Department and giving it to the Home Office at an earlier stage.

Lord Turnbull: First, may I add this on the question of Hayden Phillips? You and he, as I remember it, negotiated very successfully the entire framework around judicial appointments. That shows that co-operation between the senior judiciary and the senior Civil Service can work. Your second question . . . ?

Q157 Lord Woolf: I wanted to put it as part of the picture, so as to understand the question. These constitutional changes had already been the subject of very serious discussion. What had not been discussed was the abolition of the office of Lord Chancellor.

Lord Turnbull: You are correct that, prior to the 2001 election, Richard Wilson, then in the Cabinet Office, had extensive discussions about changing the boundaries. I think that you basically won this argument. It was agreed that police and the judiciary could not live under the same roof, and that was accepted. At that stage, the dismantlement of the conflicted position of the Lord Chancellor was not discussed in 2001; that came later.

Q158 Lord Woolf: What I was really saying was, with that history, do you not agree that it should have been seen that to take an even larger step than had been proposed in 2001 without consulting at least the judiciary was remarkable, bearing in mind that if you remove the Lord Chancellor that had an effect on the three Lord Chief Justices in the system—and they knew nothing about it?

Lord Turnbull: It would have been much easier if, say, we had been able to go what is called “the conventional route” of the relevant Cabinet minister—in this case the Lord Chancellor—producing a Green Paper; it is discussed and he is prepared to act as the advocate of change. This was not possible and I think that is where the problems stemmed from. The Prime Minister nevertheless wanted to proceed.

Q159 Chairman: Why did it not happen in the form that you think it should have happened?

Lord Turnbull: Why did it not happen? Because the then Lord Chancellor disagreed with the proposal. He wanted to be the Speaker of the Lords and the

senior judge, and so on. I think a lot of constitutional theorists thought that this did not make sense and I agree. I do not think that it did make sense.

Q160 Chairman: So that precluded proper consultation?

Lord Turnbull: The then Lord Chancellor was not prepared to lead it. That is where the problem originated.

Q161 Lord Rowlands: We have been trying in a number of sessions to find out how much 1997, and since 1997, has been a watershed in either the development of greater Prime Ministerial power, presidential—the term you used, Sir Robin, but Lord Turnbull does not use that phrase. Can we get an assessment from you both, not just about the fact that it was a question of the power of the personality, but how much institutional change followed the power of the person, of Prime Minister Blair, and has altered the balance of the centre?

Sir Robin Mountfield: I am doubtful about whether 1997 was a real watershed. There is a longer-term trend that goes back certainly to the Thatcher period. It is not a consistent trend, however. If you think, for example, of the position of Churchill during the war—was that presidential? It is certainly not a conventional, Attlee-type administration. I think the thing fluctuates a bit. If you look at particular decisions—for example how did Eden at the time of Suez react with the rest of his Cabinet? It certainly was not a conventional, “Let's get round a table and agree, chums”. There is a longer-term trend, which has probably been accelerated since 1997.

Q162 Lord Rowlands: So an acceleration?

Sir Robin Mountfield: Yes, that is how you would judge it. Whether that is a permanent effect or whether it can be changed back again, I think remains to be seen.

Lord Turnbull: In my valedictory lecture I produced some figures which showed the frequency of Cabinet meetings in 1978-79 and what they had become by the tail end of the Thatcher-Major era. That is the era in which we went from meeting often twice a week to meeting 38 times a year, and much shorter meetings. Prime Minister Blair basically adopted that same structure. I think the difference lies with what was happening at the Cabinet committee level, where you had one person who was a regular Chairman—John Prescott, the Deputy Prime Minister. An absolute stalwart of the conventional view about the importance of committees of Cabinet; a strong defender of the idea that you have a properly identified membership; you circulate papers; you have a discussion; you record the decision, and you do not announce the decision until all that has taken place—and he got very cross with some of his

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colleagues who did not adhere to that. Those committees that were chaired by the then Prime Minister and the now Prime Minister did not thrive in the same way. That, I think, was the difference between the two eras; not what was actually happening at Cabinet itself.

Q163 Lord Rowlands: Was it because there was this drive in Number 10 for not only initiating policy much more but also ensuring delivery of policy?

Lord Turnbull: I think it reflects a kind of condition of impatience really. Tony Blair wanted a low-friction Government, where decisions would get taken and then they would happen quickly, and did not want a lot of argument and discussion—just “Get on with it”. That was the philosophy—the sense of urgency: “We have a big programme to get through. We don’t want to get bogged down in all this Cabinet committee stuff.”

Q164 Lord Rowlands: So it was a sea change in that sense?

Lord Turnbull: At that level but, as I say, I do not think it was the Cabinet itself. I think that had happened some time earlier.

Sir Robin Mountfield: The difficulty is to determine whether these are matters of personality and personal style or whether there is a real, permanent change in the way the machine works. It was complicated in the Blair period by the apparent tension between him and his Chancellor, which perhaps is not quite the same now. A lot of it is not all one-way. This Committee is looking particularly at the Cabinet Office, but of course the centre is a broader concept. The relationship with the Treasury is hugely important and you really need to look at all three of them together to get a sense of how the thing is working. If you look, for example, at what I think is still called the Prime Minister’s Delivery Unit, which was established originally in the Cabinet Office, I think I am right in saying that that has moved essentially into the Treasury now.

Lord Turnbull: Yes.

Sir Robin Mountfield: One therefore sees a clear need for these bits to work sensibly together. It is how the thing is run rather than the actual structures that really matters.

Q165 Lord Rodgers of Quarry Bank: We talk about 1997 and changes of Prime Minister. Could I ask about the significance of the Cabinet Secretary himself? We have talked about events and about the role of the Prime Minister himself, but what about yourself, if I might put it that way? I had a feeling, when we had the Lords Armstrong, Butler and Wilson here, that they were rather a team together and had similarities in their approach to the matter.

Could you say a bit about yourself, about your contribution? Also, is there any event about which you could say, “I am very proud that I did this” and one event when you said, “I am afraid I was a failure”?

Lord Turnbull: First of all, they have produced a memorandum, which you notice does not have my name on it. There is a huge amount of common ground about the importance of Cabinet government; the importance of the Cabinet Office; what Robin called avoidance of treating it as a “dustbin”; and that none of us like dual-hatting. The point of difference between them and me comes in one particular phrase. They say, “The Office of the Prime Minister and the Cabinet Office are functionally distinct”. I think that there is some danger in this. Oddly enough, there has been very little discussion so far as to what does the Cabinet Office actually describe its own mission as. That is, (1) supporting the Prime Minister; (2) supporting the Cabinet; (3) strengthening the Civil Service. In my view there should be a fourth, which is maintaining the ethical framework of the public sector. If you say to the Prime Minister, “We in the Cabinet Office basically work for the Cabinet and you, in so far as you are a part of the Cabinet”, I think that you will be inviting the Prime Minister to say, “I will create my own apparatus”. The big danger is that, instead of treating the Cabinet Secretary and his staff as his life support system, his absolute, number one, turn-to-first adviser—which is what I think should happen—he then creates an apparatus of his own of vastly inferior quality. That, to me, is the big danger. The danger they seem to be addressing is if the Prime Minister—as in Australia, the Prime Minister and Cabinet—takes over the Cabinet Office, will he in a sense steal that apparatus from his colleagues? I think that creating a strong bond between the Cabinet Secretary and the Prime Minister is the way to ensure that the interests of the rest of Cabinet are properly looked after and defended, and a go-it-alone, poorly advised Prime Minister is the biggest danger that we face. The second thing about my position was this. The discussion always comes up about a Cabinet Secretary/Head of the Civil Service. History tells us that it has been tried twice and it was a flop both times. If you talk to the people who got the job as Head of the Home Civil Service—Douglas Allen and, if you could, the late Ian Bancroft—I think that they would probably say, “I wish I’d never done it”. They got very badly isolated. I do not think you can distinguish the job of the business of government from the capability of it. In no other organisation in the private sector or elsewhere would you expect the guy at the top just to run the business and someone else looks after the people, appoints them, motivates them, pays them, and so on. I think those two things absolutely go together. The clear message I got from

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the Prime Minister when I was appointed in 2002 was that he wanted to put more weight and drive behind the improvement of the Civil Service and the public services. My particular solution was that there is a third job, which is a Prime Minister's principal security and intelligence adviser. I happened to have available a man who could do that job many times better than I could do it, who was David Omand, who was then succeeded by Richard Mottram, who was also eminently qualified for it. So instead of having a Cabinet Secretary who then delegated the development and the capability of the Civil Service to another Permanent Secretary (the job that Robin filled) while retaining responsibility for security and intelligence, that was the bit of the work that I took and, in exchange, the Second Permanent Secretary in the Department was the intelligence and security co-ordinator—particularly because I had someone who was available to do it. Maybe it was an *ad hominem* solution, but it worked for me. Gus has reversed it slightly; he has taken back the accounting officer role and the SIV. If you have the right person, it is an alternative which works admirably; but I would definitely not split the roles of Cabinet Secretary and Head of the Civil Service.

Q166 Chairman: Following Lord Rodgers' question about what happened in the past, when you told the Committee a few moments ago that you do not know whether the Leader of the House of Lords was consulted about the proposed abolition of the Lord Chancellor's role, do you think you should have known?

Lord Turnbull: I think I would say that I do not remember. Who was the Leader of the House of Lords?

Q167 Chairman: Lord Williams.

Lord Turnbull: Probably.

Q168 Chairman: It was Lord Williams, yes. You said you do not know.

Lord Turnbull: The answer is that I will stick with "I do not know".

Q169 Chairman: Do you think you should have known?

Lord Turnbull: I think probably I should. This is one of those things where I will defend very strongly the outcome we have achieved. I do not expect anyone ever to go back on that. Are we going to go back to—

Q170 Chairman: We are looking at the process.

Lord Turnbull: Okay, but right at the outset, as I said, the process was flawed—for a variety of reasons.

Q171 Lord Shaw of Northstead: Sir Robin, in your paper which you kindly sent to us you have a heading "The 'dustbin' function" and you go on to say that "The Cabinet Office has from time to time been seen as a home for special units or other activities for which no other natural home had been established". With experience, do you feel that this has led to problems? Has it always worked in a satisfactory way? Could there be improvements?

Sir Robin Mountfield: No, I do not think it has worked satisfactorily. I do not think it should be a dustbin. I think that alternative homes should be found for most of these activities. Some of them were related to the Civil Service—the Civil Service College and some of the other things that Michael Heseltine had me privatise before the 1997 election, and some he failed to get done in time. I think that it was reasonable for those to be there; but others—the Women's Unit, the Deregulation Unit and things like that—I do not think are really appropriate to the Cabinet Office. Others grew out of what Andrew called the ethical and propriety kind of role. For example, our initial interest in Freedom of Information, which grew originally out of the guidance on Freedom on Information pre-1997. That was taken away from us and given to the Home Office initially, and then into the Ministry of Justice. Whether that was the right thing or not I am not sure; I think it is arguable. I think that the "dustbin" function should be kept to the absolute minimum. For example, I cannot for the life of me see why the Third Sector should lie in the Cabinet Office. It seems a wholly inappropriate place.

Q172 Lord Pannick: Could I ask one further question about the abolition of the Office of Lord Chancellor? As I understood your evidence, you told us that the problem was that Lord Irvine was opposed to the policy and therefore proper consultation could not be carried out. Was consideration given by the Prime Minister, was advice given to the Prime Minister, that an option would have been to appoint a new Lord Chancellor sympathetic to the proposed policy and then conduct the necessary consultation with the judiciary, the Leader of the House and all other interested persons? What was the urgency? That is what I do not really understand.

Lord Turnbull: It was an option and, in retrospect, it might have been a better option. Who was the ideal person to do it? I suppose he was succeeded by Lord Falconer, who probably would have been happy to take it on. This reflects the then Prime Minister's view that you get on with things, and we have seen the results—for both good and ill.

Q173 Lord Pannick: Were these problems in any way contributed to, do you think, by what Sir Robin describes as the massive burden on the Cabinet

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Secretary? Do you think the Cabinet Secretary can effectively, efficiently, perform the role of Head of the Civil Service and also policy adviser to the Prime Minister in today's world, with all the demands that those posts entail?

Lord Turnbull: I think they can. I do not think they can do the three roles, of being the Prime Minister's security adviser as well. However, you have some exceptionally able people supporting the Cabinet Secretary; for example, the heads of the various Secretariats. In my experience, these have almost always been absolutely the best civil servants that Whitehall could produce. You have to use those. Part of the reason I did not like dual-hatting was that, for example, what would have been called the Foreign Affairs Private Secretary was then called the Foreign Affairs Adviser, and then became the head of the relevant Secretariat—the Overseas and Defence Secretariat. That I think weakened the Overseas and Defence Secretariat and that was not a good idea. I think that it has largely been reversed.

Sir Robin Mountfield: I am a little more ambivalent about the combination of the two roles. I am genuinely ambivalent, meaning that I can see advantages both ways. I do not think it is a law of nature that the two should be combined. In fact, before 1981, when Robert Armstrong took on the role initially of Joint Head of the Civil Service as well as Cabinet Secretary, there were only two very brief periods when the two roles had been combined. Bridges had it from 1945 to 1947 and Brook had it from 1956 to 1962. So this is not a law of nature and there are advantages and disadvantages. The prime claimed advantage, which I think Andrew and his three predecessors would all hold very dear, is the need for somebody with frequent access to the Prime Minister to be there to lead and represent the Civil Service, the reform of it, and so on. The contrary argument is that he may be somewhat conflicted. Unlike, for example, the Chiefs of Staff, he might be slightly hesitant about representing the interests of the profession rather than the priorities of the Government of the day, and I think that they are slightly distinct functions. There is an argument on both sides of this debate, therefore, and it seems to me that you could run it either way.

Lord Turnbull: There are other models. New Zealand and Australia are interesting. My Lord Chairman, you will be familiar with Australia. New Zealand is the more extreme. They have a Public Services Commissioner, who is the appointer, the objective-setter, an assessor of performance of the Permanent Secretary cadre. I think it is slightly odd if the Cabinet Secretary is agreeing on behalf of the Prime Minister what you want the permanent secretaries to be doing and then someone else assesses whether they have done it or not. This is absolutely central to what the Prime Minister's interests are, and I think that the

splitting of the “what” from the “how” and the capability is a rather strange way to do it. However, those two countries have divided these functions in ways which leave the Cabinet Secretary as still the more important figure but the Public Services Commissioner is a bigger figure, has a bigger scope, than the Civil Service Commissioner in our system.

Q174 Lord Peston: Following on from Lord Pannick's general area of enquiry and doing it in a dynamic context, Dr Heffernan told us that he thought that the personal authority of the Cabinet Secretary had diminished over the past 10 years. My view, going back to when I was a very junior economist in the Treasury in the sixties right through to the seventies, is that there has been no decline in the senior people in the Civil Service at all, but there has been a major decline in the personal authority of senior civil servants over the last 10 years. I do not mean a minor decline; I mean a major decline, compared with the people as they acted in the early sixties, when I was very young and junior, and even in the seventies. Do you agree with that?

Lord Turnbull: Yes, I do. It sometimes comes up in a similar debate over whether civil servants have been politicised. You say to people, “What do you mean by ‘politicised’? Do you mean that we are chosen because we are sympathetic to the Government in power?” I do not think that there is any evidence of that at all. Indeed, the Civil Service Commissioner plays a bigger role in appointments now than 10 or 15 years ago. “Do you mean that they behave partially? They get too sucked in?”—a bit, but people get pulled up. The real issue is not that civil servants have been politicised; their work has been politicised. More of the things that they used to do have now gone through political channels. This comes back to Robin's point about special advisers. In the departments I have worked in there was a balanced triangle of the minister, the special advisers and the civil servants. The special advisers supplemented the advice available to their minister. They could criticise it; they could suggest alternative things; but they did not try to suppress or supplant that advice. That is the respect in which I think the authority and closeness of civil servants has diminished. If you read Douglas Wass's excellent book on the whole 1974-79 IMF crisis, he was much closer to Denis Healey—in the trenches with Denis Healey—than any of his successors have managed to achieve.

Sir Robin Mountfield: I agree with that.

Q175 Lord Rowlands: Was that an exceptional circumstance or do you think that is institutionally so?

Lord Turnbull: I think it reflected the way the minister wanted to work. It is reversible, I think.

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Sir Robin Mountfield: There are the short-term personality reasons, as always, but there are also some longer-term trends. When I joined the service, which is nearly half a century ago, the Civil Service was a monolithic provider of advice. There was nobody else; there was nobody outside who was consulted—think tanks or universities or anything of that kind. That was thoroughly bad. There was not the contestability of advice, which has been one of the necessary challenges. The introduction of special advisers of various kinds from the 1960s on has been to my mind a benign thing, provided it is kept under control. It seems to me that increasingly—it was happening certainly in my last few years in the service and, as an outside observer, it seems to me to have happened a lot more since—the Civil Service advice, instead of being seen as perhaps the primary synthesiser of advice from a number of places, has been effectively sidelined, at least at the top. I think that is a very serious problem. It seems to me that if your Lordships have a role, if we ever get the Constitutional Renewal Bill on the Civil Service activities, that is a thing that needs to be looked at very carefully. The powers and duties of special advisers have not been adequately defined in the draft. There is no control on what they can do or even on their numbers. In principle it would be open to a government of malign intent to replace the Civil Service entirely with special advisers, to manage everything and run things without any control. That is a crazy situation and there needs to be either a control on numbers or a control on function, or both. The function ought to be to supplement advice, not to provide the primary source of advice or to act as a filter. That is wrong.

Q176 Lord Woolf: May I move on to a rather different matter? Perhaps I should address this to Lord Turnbull initially, but I am sure that Sir Robin has something to add. Over the period that you were in office as Secretary to the Cabinet, did the relationship between the Treasury and the Cabinet Office create any particular difficulties for you?

Lord Turnbull: I think the relationship between the Treasury and the Cabinet Office at official level was trying to correct the problems of relationships happening elsewhere. There were many conversations saying, “I’m not supposed to tell you this but . . .” It is well documented that there were difficulties in the relationship between the Prime Minister and the Chancellor, but with all the people I dealt with—whether I was in the Treasury trying to deal with the Cabinet Office or in the Cabinet Office dealing with the Treasury—we were trying to maintain a good, co-operative relationship, and often we consoled each other on just how difficult it was going to be. It is a very important relationship. The relationship between the Treasury and Number 10 I

would describe as the San Andreas Fault of government. If governments collapse, that is where it happens. When Mrs Thatcher fell out with two Chancellors, that was a very important weakening of her position. Oddly enough, in the Blair-Brown years, in some ways they worked very closely together but the way they worked together made a lot of difficulties for those working around them. It should be absolutely part of the Cabinet Office’s job, not just with the Treasury but any other department—and Robin may have worked for the Secretary of State for Energy—

Sir Robin Mountfield: I worked for 29 Cabinet ministers in total!

Lord Turnbull: In the seventies there were problems in that relationship and the Cabinet Office has to try to keep the show on the road.

Q177 Lord Woolf: Would you describe those tensions, as Sir Robin I think has, as desirable in the sense that they are creative?

Lord Turnbull: There will always be an element of tension with the Treasury and the rest of government when resources are scarce. In the last 12 years they have not been but we could be getting to that point. There will always be disputes to be resolved, sometimes between the Treasury and departments; e.g. the foundation of hospitals dispute between the Treasury and the Department of Health. The Cabinet Office has an absolutely central function to try to find solutions to those things and keep the officials working, even though there is intense rivalry and suspicion between their political bosses.

Q178 Lord Woolf: Sir Robin, would you want to add anything?

Sir Robin Mountfield: The crucial thing is that people have to make the situation work. The boundary is bound to exist. If it becomes competition or duplication, as has happened sometimes in the past, particularly with Number 10 rather than the Cabinet Office, I think that has been a very serious problem. For example, there was a long period at the beginning of the Blair administration when the Treasury had hugely complicated PSAs with departments and Number 10 was setting strings of separate objectives for the Health Service, or whatever it was, which were overlapping. It was a crazy situation. That was done primarily by special advisers in Number 10, to my recollection. The thing has to be made to work.

Q179 Lord Norton of Louth: This follows on from the very point you have made, which is the relationship between the Cabinet Office and other departments and how that has changed. A previous Cabinet Secretary we had before us generally took the view that the role of individual departments and ministers heading those departments had diminished

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over time relative to the centre, and rather regretted that. I think that is the point you touch upon in your paper, Sir Robin: that the centre has perhaps become a bit too strong in relation to departments.

Lord Turnbull: I think there is truth in that but that was not the fault of the Cabinet Office specifically. The creation of a number of units in the centre that did not necessarily need to be there may have contributed to it, but it is the process of the way in which policy gets reviewed. The classical way would be that the Prime Minister says, "I am getting very concerned about X, a planning system. We are not getting enough land clear for house building. You, Secretary of State, please go away and establish a review. You can appoint an outsider to lead it if you want, but basically I am holding you responsible for coming up with a set of proposals". Too often we have seen announcements coming, either from the Prime Minister prompted by the Strategy or the Policy Unit, or from the Treasury, saying, "I have appointed Mr X to review such-and-such". Kate Barker reviews planning and housing; Rod Eddington does transport. I think that this is very belittling. I do not think that departments will get good at doing policy if they do not get the chance to practise it. Why, for example, was the late Derek Higgs asked to review the Combined Code? Corporate governance is an absolutely standard DTI function. It just was not necessary. You should ask the DTI to do it. In the Review Group you would seek representation of the Number 10 interests and the Treasury. Over time, it is that process of the centre setting something up which may duplicate something, or a sense, as it were, of the Secretary of State having their homework marked in public. "You did this strategy on drugs. It wasn't really very good, so I have set up another one and I have asked someone to do it."

Sir Robin Mountfield: I do not altogether agree with that, because I think that so many of the really important issues span departmental boundaries. The problem seems to me to be that those have been resolved top-down by groups in the Cabinet Office. The right solution would be for the Cabinet Office to establish a structure, whether it is the Strategy Unit or the Social Exclusion Unit or whatever, that is owned jointly by all the departments concerned and they are represented on it. They share in the development of the policy; they contribute to it. If you look at drugs, for example, that spans five or six departments, one way or another. I do not know how that is dealt with now. There was a Drugs Unit in the Cabinet Office which made some progress; it was not wholly successful, for different reasons. These big issues are the real meat of modern government, and I do not think that we have found a wholly satisfactory way of doing it. The need to span the horizontal interests and to optimise it—I describe this as

optimising—with the vertical responsibilities and accountabilities which have to be there, is the nub of the problem of how to organise modern government.

Q180 Lord Norton of Louth: Basically it is out of kilter. I think Lord Turnbull's point was essentially about it being overly vertical.

Sir Robin Mountfield: It is overly vertical and overly directed from the top, rather than co-operatively resolved across the boundaries.

Lord Norton of Louth: So it is as a consequence almost of that point about "presidentialisation"; there is that degree of detachment, of wanting to do everything at the top, rather than leaving it to departments?

Q181 Lord Wallace of Tankerness: Sir Robin has already expressed his views on the relationship with special advisers. Perhaps I could ask him if he thinks that this has been a trend over many years and has there been acceleration since 1997? I would also be interested in Lord Turnbull's observations on the role of special advisers and if he thinks that there is also a need to have some legislative framework within which they operate.

Sir Robin Mountfield: I think that it has accelerated. Some of this existed in Mrs Thatcher's time, for example. Even under John Major the influence of the Policy Unit in Number 10 on education policy was contrary to the view of the Department, and there was a curious continuity between John Major's Policy Unit and Blair's Policy Unit on that very issue—in conflict with the Department's policy as it happened. It has accelerated but I do not accept the watershed proposition.

Lord Turnbull: Robin Butler gave you some figures: roughly 40 in 1997, 80 now. There used to be something called the "two-per rule"—two special advisers per Secretary of State. By and large, out there in ordinary departments there has been a bit of grade drift. Maybe it is now three. There are not great staffs of special advisers out there. The massive increase, of this increase of 38 or 40 I would say that 26 has been in Number 10. Also, Gordon Brown when Chancellor created this thing called the Panel of Economic Advisers. It was just a smokescreen to get more special advisers. He had something like nine and Number 10 was thick with special advisers. What has happened is not just that more special advisers have been appointed but that the place where they have been located has had a particular effect. It has increased the strength of the centre on policy and on its presentation. There is also this growing sense of "the political career". Leave university, lick envelopes at Central Office for a year; then get into a think tank; appointed as a special adviser; get into Parliament; and, by the time you are 38, you have got into the Cabinet without touching the sides of real life. Last

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week I met Nigel Lawson. I said, “How old were you when you became an MP?” He said, “I was 44”. I happened to go into the corridor and I put the same question to Douglas Hurd. He said, “I was 42”. Nowadays—and it is as true of the current Opposition leadership as of the present leadership—they have got into politics very early and have specialised very early. It tells you something about what experience they have as special advisers. They are not the Pestons, the Godleys, the Robert Nields and Michael Posners. They are not people of that seniority and wisdom. They are political animals from the start. So a combination of the number, what kind of people they are and what kind of experience they have, and where they have ended up in the system has had a particularly strong effect.

Q182 Lord Rowlands: A last question from a guy who got elected in 1966 at the age of 26, I will defend youth or just say that I have grown older and wiser as a result of it! With all these changes happening, what about the issue of parliamentary accountability? Do you think that as a result of all these changes there has been a blurring of accountability and therefore a blurring of the ability of Parliament to supervise, oversee and scrutinise?

Sir Robin Mountfield: I think there has but I am not sure that I could identify exactly how or why, and whether this is merely a reflection of, recently, Prime Ministers with very large majorities. Probably accountability, or at least responsiveness to Parliament, was stronger during the John Major period, when he had a relatively small majority, than in the Thatcher period or the Blair period, for example. I think that there has been a tendency to ride roughshod over accountability, at least at the

ministerial level. I can vouch for the fact that permanent secretaries still regard the PAC with considerable fear.

Lord Turnbull: I think there are problems here about Parliament and the sense that the Government is too controlling. We regard as an advantage that, because the executive and the legislature are fused, the Government can get its legislative programme through and can get the money that it wants. Not even American Presidents can guarantee that. However, as I wrote in my article in the *Financial Times*, there are downsides to it. If you are an able person, you are quite likely to get called up into the Government. If you are young and aspiring, which is more attractive? You can become a committee chairman and you will get paid £14,000 extra. You would probably get three or four times that if you become a junior minister, which seems a very odd incentive structure. A few weeks ago, at the height of the expenses crisis, people were beginning to talk about some of these things, and I just wonder whether this issue has gone off the boil as that particular crisis abates somewhat. I think that it is something that Parliament needs to address, and the Committee structure should be beefed up in importance. I think that the Lords committees—I will flatter you here—bring so much more to the party than people in the Commons, many of whom are wishing they would get a telephone call and be asked to become a Parliamentary Under-Secretary at Communities and Local Government.

Chairman: My Lord Turnbull, thank you very much indeed for joining us this morning. Time precludes us from debating your proposition that the executive and the legislature are fused, but thank you very much for the evidence you have given us. Sir Robin, on behalf of the Committee, may I also thank you.

Memorandum by Lord Irvine of Lairg

1. When I ceased to be Lord Chancellor in June, 2003, I decided to make no complaint, to maintain silence and to do nothing to embarrass the Government. That is the position I have maintained for over six years. I have now decided that it is more important to ensure the accuracy of the public record.
2. The reason for that is the evidence given to the Committee on 1 July, 2009, by Lord Turnbull. Lord Turnbull was the Secretary of the Cabinet from 2000 to 2005. He was therefore the Cabinet Secretary at the time of the events in June, 2003, with which this paper is concerned.
3. When the Chairman asked at Q143 what consultation took place and with whom before the decision was taken to abolish the role of Lord Chancellor, he also asked specifically whether the Leader of the House of Lords and the Lord Chancellor were consulted. Lord Turnbull replied:

“The Lord Chancellor was consulted. The trouble was that he disagreed with it.”

4. At Q158, Q159 and Q160 Lord Turnbull stated that there was no green paper nor “the ‘conventional route’ of consultation because the Lord Chancellor was unwilling to ‘act as the advocate of change’ because he ‘disagreed with the proposal’ and ‘was not prepared to lead the consultation. That is where the problem originated.”

5. Earlier in his evidence at Q142 Lord Turnbull said:

“On the day it was a complete mess up. There are various reasons for this. First, it was very difficult to produce the change when the incumbent Lord Chancellor was strongly against what was being done, so you got no co-operation from him.”

6. The Committee is addressing the role of the Cabinet Office at the centre of the machinery of government and in particular (a) its effectiveness in advising the Prime Minister and (b) the quality of such advice. In that context the evidence of Lord Turnbull set out above should be contrasted with the material contained in this paper.

7. In early June 2003 there were press rumours that the office of Lord Chancellor was to be abolished. I had had no intimation of this, but when the *Times* and the *Telegraph* carried the rumour I determined to see the Prime Minister. That happened in the afternoon of Thursday, 5 June, 2003 in his office at Number 10. I asked him directly if there was any truth in the press rumours that the office of Lord Chancellor was to be abolished and transferred to a new Secretary of State in the Commons. He hesitated and then said it was being considered, but nothing had as yet been decided. I asked him how a decision of this magnitude could be made without prior consultation with me, with Hayden (i.e. my Permanent Secretary, Sir Hayden Phillips), within government, with the judiciary, with the authorities of the House of Lords which would lose its Speaker and with the Palace. The Prime Minister appeared mystified and said that these machinery of government changes always had to be carried into effect in a way that precluded such discussion because of the risk of leaks. We agreed to meet the next Monday morning, 9 June 2003, to continue our discussions.

8. I left our meeting of 5 June 2003 surprised (a) that the Prime Minister thought the abolition of the office of Lord Chancellor was of the same order as any machinery of government changes by which ministerial responsibilities could be transferred from one department to another; and (b) that the Prime Minister had no appreciation that the abolition of this office of State, with a critical role in our unwritten constitution affecting a House of Parliament, the judiciary, of which the Lord Chancellor was by statute Head and by constitutional convention guarantor of its independence, required extensive consultation, most careful preparation and primary legislation. I determined when I next met the Prime Minister on Monday morning, 9 June 2003, to try to do better.

9. We started with my complaint that he had not discussed with me in advance such far reaching plans for the abolition of the office. He repeated that it was impossible to do so because if machinery of government changes were discussed in that way they would leak all over the press. It then strongly bore in on me that the Prime Minister had not received any or any proper advice and was completely unaware that complex primary legislation was required.

10. We then turned to the substance. What follows the Committee may think is highly relevant to any prior advice which the Prime Minister may or may not have had. He told me that the plan was to transfer the responsibilities of the Lord Chancellor's Department immediately to a Secretary of State in the Commons, Peter Hain, and then abolish the office of Lord Chancellor with the least delay. I explained that the office of Lord Chancellor is statutory and could only be removed by statute and until that happened there were functions that could only be carried out by a Lord Chancellor. He replied that in that case there would have to be some interim arrangements in the shape of a transitional or residual Lord Chancellor whom he envisaged would be a junior minister. There was no mention of Lord Falconer. The new Secretary of State, who was to be a Secretary of State for Constitutional Affairs, was to be Peter Hain in the Commons. I said that the opportunity to create a Ministry of Justice was being lost. A Ministry of Justice would at least have delivered some benefit instead of the morass that was apparently about to be created. A Ministry of Justice could not be created by transferring the Department of the Lord Chancellor to a Secretary of State in the Commons, simply by a rebranding exercise, because the Home Office was responsible for the criminal law; and a true Ministry of Justice would have the whole of the law, both civil and criminal, under its roof, together with responsibility for the courts and the judges. I observed that whilst there was a respectable argument for the creation of a true Ministry of Justice which would have in a considered way to be weighed against the value of the office of Lord Chancellor, what was being proposed was a botched job leaving the Home Office and its current responsibilities in place without the benefit of securing a true Justice Department and leaving the Home Office as a true Ministry of the Interior confined to security of borders (immigration, asylum, passports, visas (and internal security), police, security services, prisons, etc. We left off on the basis, as the Prime Minister was always wont to say, that no final decision had been taken, but I felt that in reality the die was cast, although it was beginning to bear in on the Prime Minister that the abolition of the office of Lord Chancellor was not as simple as he had imagined.

11. We next met at 5pm on Tuesday, 10 June, 2003. I had decided on that occasion to hand over to the Prime Minister two typewritten pages so that he could be in no doubt as to how I saw the situation. In the note I wrote:

“At present there are about 5,000 statutory references to the Lord Chancellor in primary and secondary legislation requiring a huge transfer of functions order before the new Secretary of State could exercise the Lord Chancellor’s functions—a very large task. In the immediate term administrative chaos is unavoidable because of the need to decide what existing functions are judicial (i.e. for a residual Lord Chancellor) and what existing functions are for the new Secretary of State.”

I also wrote:

“The whole process has been botched, with poor advice to you and no involvement of me or Hayden.”

- (i) “It’s been treated as if it was an ordinary transfer of functions whereas it is not because the Lord Chancellor, by statute is President of the Supreme Court, and President of other courts as well as Presiding Chairman of the House of Lords sitting judicially. Constitutionally the Lord Chancellor is regarded as the guarantor of judicial independence. To proceed without any consultation with the judiciary, and without any consultation with the House authorities because of my role as Speaker, is high handed and insensitive.”
 - (ii) “What is now proposed doesn’t achieve a true Ministry of Justice because the Home Office remains responsible for criminal law and procedure. There is therefore no rationalisation of the functions of the departments: all that is happening is that the LCD is being handed over to a Commons Minister with the office of Lord Chancellor abolished.”
 - (iii) The Lord Chancellor as head of the Judiciary is presently the central organizing principle of the administration of justice in the country, and that is being swept aside without any assessment of its value and without consultation with the judiciary.”
 - (iv) “I personally am being cast aside whilst about to embark on a further integrated programme of major reform which is fully worked up and ready to go, and requires the most sensitive handling of the Judiciary and the legal profession, where I know an incoming Secretary of State would be at major disadvantage. Consultation papers on the QC system and on a Judicial Appointments Commission are about to be published (with a Consultation Paper on court dress already out) together with an independent review of the entire regulatory framework for legal and related services, under a prominent figure who will be neither a practising lawyer nor a judge, planned to be announced at the end of June—all of this I would have wished to have brought to a conclusion myself. Also, I would like to bring House of Lords reform to a conclusion: Andrew Adonis has had for a week my proposed response to the Joint Committee’s Report which is my advice how to close this down for a generation.”
 - (v) So, I am being ejected while this unfinished business which I should be bringing to a conclusion remains—and all this for no proven benefit arising out of the abolition of the office, leaving aside whatever value you may put on my continued contribution to Government.”
 - (vi) “If this had been dealt with properly, Hayden and I would have been brought into the loop from the outset and our brief would have been to plan and bring forward a proper Ministry of Justice headed by a Commons Minister in a measured and balanced way, via legislation abolishing the office of Lord Chancellor (i.e. a new Supreme Court Act) setting up a Judicial Appointments Commission and with strong provision for protection of the independence of the judiciary. It is still not too late to proceed in this way.”
 - (vii) “Although I personally would have regretted the demise of the office of Lord Chancellor I would have been willing to carry forward this programme myself to implement government policy to create a Ministry of Justice; and bow out on its completion.”
 - (viii) “Since the political decision is to close down a great Office of State with broad constitutional implications, then it should be done in a seemly, measured and balanced way, instead of the incoherent, unworked up and piecemeal approach currently likely to be adopted.”
12. On 11 June 2003 I submitted to the Prime Minister a formal Minute headed as follows:

“REMOVING THE OFFICE OF LORD CHANCELLOR

Following our discussion last night I understand via Hayden that you are considering proposals which would enable the transition to a new department to be managed while I remained nominally Lord Chancellor. This would avoid residual Lord Chancellor responsibilities having to be given to a Junior Minister or being put to Commissioners.”

The Minute continued:

“I understand these proposals to be:

First, the creation of a Department for Constitutional Affairs with a Secretary of State in the Commons including the responsibilities of the Secretary of State for Wales, the staff of the Scotland Office and ODPM’s responsibilities for devolution.

Second, an early Transfer of Functions Order to give to the Secretary of State the principal responsibilities of the Lord Chancellor, e.g. for running the courts and for legal aid (other transfers could follow as and when necessary).

Third, an amendment to the House of Commons Disqualification Act to allow a Member of that House to hold the office of Lord Chancellor (requiring a resolution of the House of Commons and an Order in Council). He would then be appointed Lord Chancellor and the effect would be to constitute the Secretary of State as Chairman of the Appellate Committee of the House of Lords, President of the Supreme Court, a Judge of the Court of Appeal, a Judge of the High Court and President of the High Court (Chancery Division), and a Judge of the Crown Court and County Court. He would by virtue of these offices become Head of the Judiciary. This step would therefore have to be accompanied by a statement the Secretary of State would never actually engage any of these judicial functions since he was not qualified to do so, and would only proceed to make or advise on judicial appointments with the agreement of the Lord Chief Justice, until a Judicial Appointments Commission was created. Fourth, in parallel I would continue to hold the office of Speaker of the House of Lords until the House had revised its standing orders. Fifth, the whole process would be completed before the summer recess. I have to tell you that I believe this approach would hold the Government up to ridicule, and make my continuing in office as Lord Chancellor a transparent sham. I could not myself play any part in implementing such a proposal. I have an alternative proposal to put to you.

As I explained to you yesterday, to implement effectively the integrated programme of major reforms which I have already announced and is ready to go, requires the most sensitive handling of the Judiciary and the legal profession. An incoming Secretary of State who is neither lawyer nor Judge, and who holds an office he cannot exercise, would be at the severest disadvantage in carrying through changes to the QC system, judicial appointments, and the creation of a new Supreme Court which is necessary when the office of Lord Chancellor is abolished. In view of the relationships I have established over the past six years I believe I am best placed to carry these changes into effect in a harmonious way without the creation of a new Secretary of State post until they are completed. If you agree to this I would be able to say that while I personally regret the demise of the office of Lord Chancellor which has had huge value, particularly in helping to maintain good relations between the executive and judiciary, and in upholding the independence of the latter, a decision has been taken within government that the department which now has had added to it major constitutional and devolution responsibilities should necessarily be led by a Secretary of State in the elected House of Commons and not a Lord Chancellor in the House of Lords.

We would then say that you have invited me as Lord Chancellor to carry through, with the least delay, the processes signalled by the consultations I have already announced.

[Here I had in mind the consultations to which I referred in sub-paragraph (iv) within paragraph 11 above.]

“This would include the early establishment, administratively, of a Judicial Appointments Commission and piloting through the legislation necessary to abolish the office of Lord Chancellor, to create a new Supreme Court structure for the United Kingdom headed by a new office of Chief Justice, and including strong statutory guarantees of judicial independence. We would announce that I would leave the Government when Royal Assent was achieved. If all the stops are pulled out, and legislative priority given, this can all be completed before the recess in 2004.”

12. This passage from the Minute makes it clear that I was willing to carry such legislation forward. My reason was so as to preserve so far as I could in the new legislation the values the office of Lord Chancellor had originally existed to protect.

13. This “alternative proposition” was I understand rejected after Cabinet on Thursday, 12 June, 2003. That afternoon I returned the Great Seal to Her Majesty and ceased to be a member of the Government.

26 October 2009

Supplementary letter from Lord Turnbull

Thank you for your letter of 5 November. You ask if I wish to submit a further memorandum responding to the evidence given by Lord Irvine. I do not think there is any purpose in engaging in an exercise of rebuttal and riposte. My only observation is that it is very evident that Lord Irvine had no enthusiasm for the central proposition in the reform proposals, i.e. that one person should not be a Cabinet Minister and the senior member of the Judiciary at the same time.

Sir Gus O'Donnell is writing to you separately setting out the wide range of issues covered in the advice provided to the Prime Minister which included the fact that the position of the Lord Chancellor was embodied in many pieces of primary legislation.

30 November 2009

Letter from Sir Gus O'Donnell KCB, Secretary of the Cabinet and Head of the Home Civil Service

When Jeremy Heywood and I appeared before the Committee on 4 November, I agreed to provide further information about the process that was followed in advance of the announcement about changes to the role of the Lord Chancellor in 2003, and in particular about what advice was provided to the Prime Minister.

Before going into the specifics, I should reiterate that the ability of the Prime Minister of the day to restructure his Cabinet—and therefore to make changes to the machinery of government—is fundamental to the way in which our democracy operates. Inevitably, it will often be the case that consideration of such decisions will need to take place in relatively short timeframes and without widespread discussion. It is important that, within these constraints, the Prime Minister receives the best possible advice, all the more so when the proposed changes will have wider constitutional implications.

The Prime Minister receives advice on the structure of the Government from the Cabinet Secretary who is advised by officials in the Cabinet Office. Cabinet Office officials will if necessary also consult their legal advisors in the Treasury Solicitor's Department and the Parliamentary Counsel Office. Where possible the Cabinet Secretary or other officials will consult with senior officials in other departments but due to the sensitivity of some proposed changes this will not always be possible until a late stage. To do otherwise could be destabilising for the ongoing business of government and undermine the Prime Minister's ability to appoint his Cabinet.

In line with established practice in machinery of government changes, the advice given to the Prime Minister in 2003 was confidential.

I am however able to say that the Cabinet Office studied the issues carefully in the months preceding the announcement of June 2003 and my predecessor gave the then Prime Minister comprehensive advice and responded to points he raised in considering it. The Prime Minister evidently gave the options for reform careful consideration.

In particular the analysis and advice covered:

- (a) the Lord Chancellor's role as a Minister in charge of a department;
- (b) his role as Speaker of the Lords, and the arrangements in place for his deputy to take the chair in case of need;
- (c) his role as head of the judiciary;
- (d) that he was holder of the Queen's Great Seal;
- (e) his position in the order of precedence;
- (f) independence of the judiciary, including judicial appointments;
- (g) whether the Lord Chancellor need be a lawyer; and
- (h) the complexity of the legislation that would be required, given for example that 300 pieces of primary legislation mentioned the post by name (as did more than 1000 Statutory Instruments).

Because of the importance of being able to provide confidential advice on a range of options to the Prime Minister, the Cabinet Office consulted senior officials in the Lord Chancellor's department prior to the Prime Minister's meeting with Lord Irvine in early June but did not consult senior members of the judiciary. While I appreciate the concerns that have been raised by this lack of consultation, even with the benefit of hindsight I do not think it would have been right for the Cabinet Office to undertake consultation with the judiciary without the involvement in it of the Lord Chancellor, which for the reasons Lord Irvine and Lord Turnbull have explained to the Committee was not possible at the time. Where possible the Cabinet Office will work

with departmental officials who will be aware of the views of key stakeholders and ensure that this is part of the consideration of the merits of any change.

On 12 June 2003, the Prime Minister reshuffled his Cabinet. This reshuffle included the creation of the Department for Constitutional Affairs headed by a Secretary of State for Constitutional Affairs and Lord Chancellor (Lord Falconer of Thoroton) until primary legislation could be brought forward to reform the Lord Chancellor's role. At the core of this change was the aim of disentangling the Lord Chancellor's threefold role: as a Minister in the Executive, as Speaker of the House of Lords, and as Head of the Judiciary. Over the next two years, extensive consultation and debate took place on various aspects of the role of the Lord Chancellor, followed by the introduction of the Constitutional Reform Bill in February 2004 (which received Royal Assent before the General Election in 2005).

As I said to the Committee, the ultimate outcome of this work was positive: an elected speaker of the House of Lords; an independent judicial appointments commission; a new Supreme Court; as well as following later changes a Home Office focussing on the priorities of reducing crime, tackling terrorism and managing migration and a Ministry of Justice that is able to take an overview of the post-charge criminal justice system (while respecting the adversarial nature of court proceedings) and delivering constitutional reform.

Since 2003, there have been a number of other changes to the machinery of government and the Cabinet Office has continued to ensure that the Prime Minister is given the best advice possible.

I will be writing to you again shortly to provide you with figures on staffing levels in the Cabinet Office and responses to the questions that we did not have time to answer when Jeremy and I gave evidence to the committee.

1 December 2009

Letter from The Rt Hon Tony Blair

Thank you for your letter. I am really sorry I have been unable to give evidence orally to the Committee. I have read the letters of the present Cabinet Secretary and the Cabinet Secretary at the time of the changes in 2003; and I have read Lord Irvine's memorandum.

I hope the following will be of some help to you. My motivation for the reforms of 2003 was that I felt strongly that the arrangements for administering our criminal law system were severely flawed. Part of the flawed nature arose from the role of the Lord Chancellor. The Lord Chancellor performed three duties simultaneously. He was the Speaker of the House of Lords; the Head of the Judiciary, responsible for making judicial appointments; and he was the political leader of the department, comprising roughly 10,000 public servants, charged with administering the courts system.

I was elected on a programme of reform of the law and order system to make it more effective. I wanted to carry out that mandate. I thought the best way to do it, involved making the Home Office a crime-fighting and immigration department; separating out its constitutional role, on which it seemed to me to spend a great deal of its practical and intellectual energy; and focusing the Lord Chancellor's Department on making the courts work effectively and actively on the same law and order agenda as the Home Office.

In other words, in essence, I thought the traditional roles of the Lord Chancellor's Department and the Home Office arose from long-standing ways of working that didn't fit the necessities of the modern age. Crime was one issue. Constitutional affairs was another. Yet for reasons of history, the two had got stuck together and in my view unhelpfully. I could see no reason in logic why the House of Lords didn't have its own elected Speaker and saw no reason why the Speaker should be the Lord Chancellor.

Appointing judges—a matter of assessment of the character and quality of practicing lawyers—seemed to me to be a different job, requiring an apolitical determination, whereas how the courts should be administered seemed to be on a par with the other Secretary of States' roles and political in nature.

I decided to separate out these different roles within the office of Lord Chancellor and to engage in thorough going modernisation. The Speaker of the House of Lords should be elected. The appointment of judges should be done by an independent body. The Lord Chancellor's administrative and political function should be handled by a politician. In substance, this is what we did. I note that no political party now seeks to change the substance of what we did. It is, frankly, an obvious modernisation.

The process by which it was done was undoubtedly extremely bumpy and I understand entirely the criticisms made. By the way, these should be criticisms of me and not of Lord Turnbull or any other of the civil servants who gave excellent and sensible advice throughout.

In today's world, with a constant churn of 24/7 speculation about re-shuffles, it is very hard to conduct any type of consultation confidentially. I had, at my first meeting with Lord Irvine, only just begun widening the net of discussion and even then the possibility of change had got out. And at that time, it was perfectly possible I could have, on reflection, decided not to do it.

I should make it clear that I was by no means oblivious of the fact that this was a major constitutional change and the consequences would have to be carefully deliberated. But it was always my intention to signal first the basic principles of the change and then, in time, put through the implications in an orderly way.

Once I decided on the change, we then set about the complex business of working out the consequential changes, but this necessarily happened at the last minute and it was very difficult to involve the Lord Chancellor's Department until we were sure we were going to do it. But none of the consequential issues were insuperable.

So in the end, we decided we had to keep the Lord Chancellor position initially in the Lords, I changed my mind as to who it should be and all of this had to follow the basic re-shuffle and not precede it. So the process was indeed messy. But the outcome was right.

Finally, I know that Lord Irvine, had I tasked him with doing it, would have carried out my wishes as Prime Minister. And, for the record, I wish to state he was an outstanding Lord Chancellor, a great public servant who was indispensable to the constitutional reform programme of the Government, which was the most far-reaching since the 19th century. It could not have been done or done so well without him and it will be his legacy; and a very considerable legacy it is, as significant as any Lord Chancellor in modern history.

However, I felt, as his memorandum implies, he was unsympathetic to my desire to change the Lord Chancellor position.

So I thought it right to make a change of person as well as a change to the office. It is correct that I could have retained him in Government to see through the change and then leave; but I thought it better to have the process of change led by someone was then going to be part of it. None of that diminished my enormous respect for, and debt to him.

I hope this sheds some light on my decisions and again, my apologies that it is in writing.

18 December 2009

WEDNESDAY 8 JULY 2009

Present	Goodlad, L (Chairman) Lyell of Markyate, L Morris of Aberavon, L Norton of Louth, L Pannick, L	Peston, L Quin, B Rowlands, L Shaw of Northstead, L Woolf, L
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Examination of Witnesses

Witnesses: SIR MICHAEL BICHARD, former departmental Permanent Secretary and Ms RACHEL LOMAX, former departmental Permanent Secretary, examined.

Q183 Chairman: Thank you for joining us this morning. We are being televised, so I would ask you, if I may, please, to identify yourselves formally for the record.

Ms Lomax: I am Rachel Lomax.

Sir Michael Bichard: I am Michael Bichard.

another is to strengthen the capability of the Civil Service. We need to be careful, I think, that there is clarity around those particular functions. As I say, for me it is not so much a constitutional issue; it is a question of effectiveness.

Chairman: The two are not totally indistinguishable.

Q184 Chairman: Could I begin by asking which key constitutional issues you think that this committee should have in mind in inquiring into the role of the Cabinet Office and the centre of government?

Ms Lomax: I think the big one is accountability. If you have a department at the centre that defines itself as being responsible for making government work better, which is what the Cabinet Office does at the moment, the question of who it is accountable to, and for what, is something which needs to be thought about quite carefully. I think some of the difficulties there have been in the past have been about people at the centre urging people in departments who do have clear accountabilities to do things; and then they have not been there when the trouble starts. That is one. I think lying behind some of the debates about the Cabinet Office is an issue about the Prime Minister and what the role of the Prime Minister in our system is in relation to the Cabinet's collective responsibility. People often talk as if the Prime Minister was like the President of the United States, a person with independent accountability, but I think in our system it is rather different. We do not have an independently elected Prime Minister. In so far as the Cabinet Office behaves like a Prime Minister's Department, the question of the Prime Minister's accountability in our system is worth thinking about.

Sir Michael Bichard: For me the main issues are not so much constitutional as practical, and whether or not we have a system which is effective and, frankly, if we had a clean canvas, you would not create what currently exists. So far as constitutional issues are concerned, I think Rachel is quite right to identify this issue about the Prime Minister and the Civil Service. We have a Cabinet Office or a centre, which has three main functions: one is to support the Prime Minister; another is to support the Cabinet; and yet

Q185 Lord Shaw of Northstead: Arising out of that, how would you characterise the central purpose, firstly of the Cabinet Office, and then the Office of the Prime Minister, and then the centre as a whole? This must vary from time to time. Has there been a time when that distinction has been clear and working well? What are the changes that have happened over the years?

Sir Michael Bichard: I think there is always going to be some blurring of the lines between the Prime Minister's Office and the Cabinet Office. However, we currently have 18 different units in the Cabinet Office; we have seven permanent secretaries and you cannot help but feel that maybe at the moment we have too many diverse functions, and of course a number of those functions are really about supporting the Prime Minister and the Cabinet, and some of them are about strengthening the capabilities of the Civil Service, and some of them overlap and are blurred. It does seem to me that we have too many diverse functions. I think that places really quite an unreasonable burden upon the Cabinet Secretary whose task it is to try and produce some sense of coherence and purpose and direction from all of that. If you are encouraging me perhaps to go on for a bit, I do not think that the answer is just structural reform, although I think there are some structural things you could do, not least by giving greater support to the Cabinet Secretary and maybe defining the distinction between prime ministerial and Cabinet support and support for the Civil Service and the public service. I think you could do that. I think there is also an issue about people not being quite clear what the role and the authority of the Cabinet Office is too and when the Cabinet Office actually has the power to say "No, you are not going to do that" to a department, or "You are going to do that" to a department. I think

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it is a bit of structure, but it is also about role and authority.

Q186 Lord Shaw of Northstead: Does that mean then that they are not equal; one of them has to guide the other two?

Sir Michael Bichard: At the end of the day in a democracy, the Prime Minister and the Cabinet are really rather important and you need to make sure that the support that is provided there is of the very highest quality. I am not suggesting that the capability of the Civil Service is not also quite important. I have been ambivalent about my own preference for about 20 years but I think I am in a position now where I feel the Cabinet Secretary ought to have very direct responsibility for the functions which are about supporting the Prime Minister and the Cabinet and that alongside the Cabinet Secretary, just below but reporting to the Cabinet Secretary, you probably need someone who is, if you like, a director for civil and public services.

Ms Lomax: Could I try a historical answer to your question because I think things have changed enormously at different times, according to the personality of the Prime Minister and the role of the Treasury. The degree of clarity that there has been as to who does what has changed enormously as well. If you go right back to the Sixties and to the functions of what is now the Cabinet Office, a lot of the public management of the Civil Service roles were discharged by the Civil Service department. Before that, those functions had been part of the Treasury. Later on they became the Office of Public Management. They have only become embedded in the Cabinet Office relatively recently. The core function of the Cabinet Office is to be a cabinet secretariat. That was the case as late as the mid-nineties, when I was working there, when it would not have been thought of as a powerful part of government at all. The Prime Minister's office too was much smaller, even under a powerful Prime Minister like Mrs Thatcher. And the Treasury has always regarded itself as part of the centre. How well these bits have been articulated has varied enormously. I think it worked quite well in the mid-Nineties but that was a time when both the Prime Minister's Office and the Cabinet Secretariat were rather under-powered operations; they were not aiming to do a great deal. I think there was room for upskilling the whole operation and making it more ambitious and, certainly for a government which had a more ambitious agenda, using it more as an engine to make the government machine work together proactively as opposed to just trouble-shooting. Then we went through a period in the late-Nineties and the early part of this century when there was so much going on in the centre that if you were in a department, you did not know who was doing what;

they were falling over each other. There were things in the Treasury, things in the Cabinet Office, things going on in Number 10; it was very incoherent. At the moment, it seems to be a bit more coherent in the sense that everything is in the Cabinet Office. I defer to Michael who has been a bit closer to it than me in the last few years. That may not work very well either: it is awfully large and top-heavy by past standards.

Q187 Lord Rowlands: Following on from what you have just said, Ms Lomax, you both have considerable experience in running a department as a Permanent Secretary. We have had a succession of witnesses who have been lamenting the decline of departmentalism, as it were, the decline of the Secretary of State and the department in policy making, et cetera. Is that a valid account of what has happened over the last X years?

Sir Michael Bichard: I never like to be predictable so let me say I do not think it is. We have been doing some quite interesting work at the Institute for Government, which I direct at the moment, looking at situations around the world. One of the interesting things is that we have by far the most devolved system within the centre of government, by which I mean we have a system where the vast majority of budgets allocated to departments remain within the discretion of the department. We are not just a bit ahead of the rest of the world, or behind, depending on how you look at it; we are miles ahead and 85% of the budgets which have devolved stay with departments. The world average is something like 50%. That does not suggest that departments do not have a great deal of power. I never felt as a Permanent Secretary that the department did not have power. All right, I was sometimes frustrated by the fact that there were irritating interventions and that sometimes you had to manage the centre but I did not think I lacked power. The other interesting thing is that compared to other countries we have quite a small centre. I actually think the centre probably needs to be smaller than it is at the moment. The current numbers in the Cabinet Office are something like 1500, and that has come down from over 2000 three or four years ago. It is still quite a lot of people, however, and I think it could be smaller, but if you look at the international comparisons, it is quite odd that we have a smaller centre than most; we have much more devolution to departments.

Q188 Lord Rowlands: That is quite refreshing. I do not think I mischaracterised the evidence and we received quite a bit. There has been a constant theme of the decline of departmentalism. Ms Lomax, do you share that view?

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Ms Lomax: I think it is certainly right that budgets and a lot of the statutory responsibilities are clearly devolved to a major extent in our system. They always have been and they always are. Certainly if you are a Permanent Secretary, you feel accountable. You are the one that goes to the Public Accounts Committee and you feel personally accountable. That is why the growth of a very large Cabinet Office which has taken on a lot of responsibility for managing change or progressing various policy areas causes such tensions in our system, because you have these people in the Cabinet Office who do not themselves have a lot of accountability or budgetary responsibility who nevertheless are trying to urge you as a Permanent Secretary or as a department to do things their way or in a way that makes sense for the government as a whole. There is an in-built tension there. I think most permanent secretaries—certainly I did, like Michael—felt that the task of managing the centre was a sort of added burden. The system is a bit baronial, in that sense.

Sir Michael Bichard: I think you have to distinguish between intervention and some would call it interference from the Prime Minister and the Prime Minister's advisers and the officials in the Cabinet Office. I think there has certainly been more involvement from the Prime Minister directly and his immediate staff but I am not sure I think that is true of the Cabinet Office more generally. You always have to remember of course that the Cabinet Secretary does not have full responsibility for permanent secretaries. Permanent secretaries are responsible to Parliament through their secretaries of state and they have a dual responsibility, if you like, in that they have some responsibility to the Cabinet Secretary who does their appraisals and their performance pay and of course now has more powers through capability reviews than was the case in the past, but that still does not give him the same direct line management responsibilities you would probably see in a private sector company from a chief executive at the centre. I do think you need to distinguish between the Cabinet Secretary and his or her staff (normally his), and the Prime Minister and his.

Q189 Lord Rowlands: You mention capability reviews. I will take this question now. The Cabinet Office paper we have received is full of Cabinet capability reviews here, there and everywhere. Have those altered the balance?

Sir Michael Bichard: I think they have. I think the current Cabinet Secretary has shown a great deal of courage in putting those in place. I think some of us had been saying for quite a long time that departments were not subject to external review and assessment in the same way, for example, that local authorities have been for many, many years now. I

think the current Cabinet Secretary took that criticism and introduced capability reviews. Now there are criticisms of capability reviews but people do take them seriously. There is a very substantial amount of independent external involvement in the capability reviews and permanent secretaries and departments have taken notice of what they have said and acted upon it. I think we are at a kind of watershed. You cannot keep doing the same capability review in the same format time and time again, and I think they do need to be developed, but I think they have been a force for good and I very much hope that the Cabinet Secretary is able to continue with them.

Q190 Lord Lyell of Markyate: In the 1990s, referring to your aspect of practicality, which I think is very important, the co-ordinating role seemed to work pretty well. More lately, and there are a number of examples one can give—the Lord Chancellor and understanding the role of the Attorney—but just to take the example of the young civil servant who leaked material to Damian Green, nobody seems to have realised, and I would have thought the Cabinet Office would have been very quick and hot on this, that unless there was some national security aspect that had all been taken out of the criminal law in 1989. That co-ordinating role does not seem to be working well. Do you have any comments?

Sir Michael Bichard: It is very easy, my Lord, and I am certainly not suggesting you are generalising, for me to generalise and I am trying to avoid that. I think what you are suggesting is that there are some questions of incompetence and there always will be in a large organisation. On the more general issue of co-ordination, one of the areas where I have to say government—it does not matter about the politics—has been at its worst has been in joining up between the bureaucratic boxes that we call departments. I think people have suffered greatly as a result of that. I still do not think that we do that very well and I do think that one of the central roles of the Cabinet Office should be to ensure that that happens, especially around three or four of the most important national priorities. I think that the Cabinet Office should take much greater responsibility for those key issues; it may even need to have the budget initially allocated to it and it would allocate that out to the departments on the basis of a joint business plan from departments. I do not think that is happening very well and, as a result, we still have a very silo-based governmental system.

Ms Lomax: I will just add something rather than repeat that. I always felt when I was a Permanent Secretary, having worked in the Cabinet Office myself, that there were big areas where departments could have worked together better without involving the Cabinet Office at all. Departments clump: there

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are economic departments, there are social policy departments, there are ones that are involved in defence and intelligence. There ought to be more mechanisms for getting them just to work together collaboratively. Not everything has to go through the Cabinet Office. I think a geography which allowed for a bit of regionalism within Whitehall would leave the centre not quite so heavily burdened with the task of co-ordinating everything. If something does not need to be at the centre, at the Cabinet Office, it should not be. There should be a principle of subsidiarity.

Q191 Lord Lyell of Markyate: I understand that. The Cabinet Office has some very bright people in it in all these areas. You would normally hope that they will pick up for example, if they suddenly hear Scotland Yard is thought to be being called in by the Home Secretary, what is the crime?

Ms Lomax: Part of the thing in the nineties was that it was a much smaller operation; the smaller it is, the more people are likely to communicate with one another. That is part of it, and probably trying to do less as well.

Q192 Chairman: Before we come to Lady Quin, you say that you think it is desirable that government departments which have similar responsibilities should talk to each other more than they have in the past. Why have they not done so?

Ms Lomax: I think they have on occasions. Certainly when I was at the Department of Social Security—

Q193 Chairman: Or not done so to the extent that you think they ought?

Ms Lomax: First of all, there is the question of what is expected, whether it is made clear to people that this is what they should be doing. It has been left to the initiative of individual permanent secretaries, certainly during the period that I am talking about, and relationships and the structures that they chose to put in place. There was never any clear expectation that this would happen and so sometimes it did and sometimes it did not. I do not think there is any mechanism among ministers either. Again, ministers indulge in competitive behaviour rather than collaborative behaviour according to personalities. I think you need to promote this sort of thing if it is going to happen in a systematic way.

Sir Michael Bichard: It does happen on occasions

Q194 Chairman: When you say you have to promote it, who has to promote it?

Ms Lomax: The Prime Minister has to make it clear that that is what is expected and the Cabinet Secretary; it ought to be part of the expectation as to how you behave as a Permanent Secretary and as a minister.

Sir Michael Bichard: Within the system, you have to have some incentives which encourage people to do that. All of the incentives in our system in the past have been for people to work in their silos. You become a very successful Permanent Secretary or minister not on the back of your partnership working but to the extent that you build up your particular empire. I think also the way in which we assess and appraise departments has not taken this into account. You have mentioned the capability reviews. I hope in the future that the capability reviews will give a much stronger emphasis to the importance of joining-up across not just departments but across sectors. At the present moment, it does not feature strongly and, as a result, although it has happened sometimes, it is not instinctive. The real worry about this is if you look forward over the next 10 years, all of the major issues which are major challenges for government are issues which range across departments. If you think about climate change; if you think about the growth of chronic disease; if you think about the care of the elderly and the growing numbers of elderly people in this population, not a single one of the big challenges conveniently fits within one of our bureaucratic boxes. Unless we do get better at this joining up, then I think we are in serious difficulties, and the Cabinet Office has to play a role in that, and I know it wants to play a role. What it cannot do is join up everything. Rachel is absolutely right: we need a different culture within departments. I do think on three or four of the really big national priorities the Cabinet Office probably has to play a stronger part.

Q195 Baroness Quin: This is picking up on something that was said earlier. Sir Michael, you have talked about the Cabinet Office reporting to the Prime Minister and the Cabinet and also about the inevitable blurring between the Cabinet Office and the Prime Minister's Office. I wondered if there has therefore always been something of a bit of a tension between these two roles. Is there an inherent tension in the system and even a case of serving two masters on occasions? How should that be dealt with? Is it best just being dealt with on a practical, almost muddling through, basis, depending on the personality of the people who are involved and so on? How far can it be dealt with by rules and guidelines?

Sir Michael Bichard: I do not believe in muddling through but I do believe there are always going to be some blurred boundaries when you are dealing with something quite as subtle as this. Rachel has said things change over time, and they do. We have not always, for example, had a Permanent Secretary within the Prime Minister's Office as exists at the moment. On occasions in the past we have had a more traditional Private Secretary support for the

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Prime Minister. That affects, if you like, not just the power but the balance of influence. I have not worked there so I think it is very difficult to comment upon that from the outside. I have made the point. I think the Cabinet Secretary should be the person who is responsible primarily for prime ministerial and Cabinet support. When you are looking at things like the capability of the Civil Service, you need very high level support but I just do not think it is possible for someone to be able to do both those roles. That is where the distinction has to be drawn and you are right that there also has to be some pretty clear guidance. We all know that guidance sometimes has to be breached in a crisis or in a difficult situation.

Ms Lomax: I have worked inside, as it were, and seen the relationship between the Cabinet Office and Number 10. If you are in the Cabinet Secretariat, the people who work the other side of the green baize door are an important dimension. You see a lot of them and you talk to them both, to the people in the Policy Unit (as it was in the mid-Nineties) and to the people in the private office. I did not have a lot of difficulty sorting out in my mind that the Cabinet Secretariat was there to serve the Prime Minister in his role as Chair of Cabinet and not in every other role. The Prime Minister has many different roles. The Cabinet Secretariat has a particular locus. I want to agree with Michael on the big issue that's been around for many years, about combining the role of Head of the Civil Service with the Cabinet Secretary. I am on Michael's side on this. I think the combined role has been a force for blurring boundaries and investing the role of Head of the Civil Service with the Prime Minister's authority. That is partly why people wanted to keep the roles together but they are functionally quite different. There is no reason on earth why the Head of the Civil Service should be the Cabinet Secretary. If you look at the personal qualities required, increasingly you need different sorts of people, I would have thought.

Q196 Lord Rowlands: We are trying to get a fix on how much 1997 has been a bit of a watershed in all of these issues. I know you are both experienced as a kind of cross, being both an observer and having being inside. How would you assess 1997 as being a watershed?

Ms Lomax: I think 1997 is a very significant watershed in terms of the role of the centre. I think there was a conscious decision to upgrade the role of the centre to make it much stronger, to support the Prime Minister's leadership of Cabinet. I'm not sure how far that was really followed through with a real understanding of how the machinery of government works and of what was there before, and of the Prime Minister's position as Chair of Cabinet rather than as a President. There may have been some confusion in

the way it was executed. But there is no doubt that post-1997 there was a lot more ambition about what the centre would do.

Q197 Chairman: You say "conscious decision". On whose part was the conscious decision?

Ms Lomax: I think the incoming government and the Prime Minister Tony Blair were very keen to increase the role and power of the centre, not necessarily the Cabinet Office, and also you had a much more forceful lead being taken in certain areas by the Treasury as well, and so the Treasury as a centre became a more energetic force.

Q198 Lord Rowlands: Sir Michael, do you accept that?

Sir Michael Bichard: The year 1997 certainly was significant and it was a moment at which the Prime Minister and the political centre of government did want to apply much more direct influence and pressure on what was going on across government, but I think it was not just one event, and I know you are not suggesting that. It is something which continued. I am not necessarily saying it is not right. If, God forbid, I was Prime Minister, I would want to be pretty sure too that the priorities that I had and the Government had were being implemented effectively and that policy was being developed in the way we described earlier in a more joined-up way. I would want to have control of the levers, and I think the Prime Minister at the time expressed some public frustration at not feeling he had the levers that he could pull which would effect change. I have some sympathy. The problem is that from 1997 through to, say, 2002, so you are picking up the next election, what you saw was a growth of units at the centre but no loss of units at the centre. You had the Social Exclusion Unit; you had the Delivery Unit, which was set up I think after the 2001 election in the form that it was, and it has now gone to the Treasury, and personally I think it probably ought to be in the Cabinet Office; you had the Strategy Unit; you then get a Third Sector Unit and so it goes on. If you are at the centre of government, there is a danger I think that whenever you identify a priority which does not fit necessarily very neatly into one of the bureaucratic boxes I referred to, you put it at the centre. The problem is that you dilute the effectiveness of the centre; you lose the focus that you need as an effective centre. Personally, I think that is what has tended to happen, but it is not from 1997 but over a period of 15 years.

Q199 Lord Morris of Aberavon: This is a very convenient moment, since you mention 1997, to gain some background to the many changes in the past—some of them in your time, some of them afterwards.

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How does one compare today the strengths and the weaknesses of the centre compared with your time? We used to hear a lot about a joined-up government. We do not hear so much about it these days. We are told that there is a Permanent Secretary in the Cabinet Office or in the Prime Minister's Office. Does that mean there is *de facto* a Prime Minister's Department? What does it do?

Ms Lomax: I think what the Cabinet Office is doing on paper is recognisably the same sort of functions that the collection of offices and units at the centre were attempting to serve 10 or 15 years ago. They are just doing them on a hugely greater scale and there has been a great deal of enlargement as well: six permanent secretaries where previously there would have been fewer people, at lower level. Part of this is because people want the recognition and they want the salary that goes with being a Permanent Secretary. But they do not have the accountability that goes with being a departmental Permanent Secretary. They are not doing a managerial job on the same scale. I would not attach too much importance to the titles. I think titles are there as a device for motivating people. No, if you go back to the very under-powered centre that we had 15 years ago, what was it doing? It was supporting the Cabinet, and the Prime Minister in his role as Chair of Cabinet, and it was promoting better management of the Civil Service. The last role has grown enormously because the ambition has also grown enormously. There has been a major effort to try and reform public services. Some of the proliferation of units is because of the scale of the ambition. People have not necessarily been very imaginative about understanding that you do not have to put things at the centre for things to happen. You can devise a system with incentives in it where people do what you want across the whole machinery of government. You do not have to have people at the centre telling everyone what to do and doing it themselves in government, any more than you do in a large company. The trick is to devise a system which is fully articulated so that it works. That is what people have been fumbling around at for the last few years.

Sir Michael Bichard: I do not think that there was a golden age out there waiting to be rediscovered. As I get older, I try to take that view more and more. I do not much like comparing today with 15 years ago or 20 years ago, partly because for different times and for different challenges you need different arrangements. Therefore, I am saying that we need a clearer focus and we need a smaller centre, but it needs to be more effective. If you want me to say what it should actually do, I think it should take the lead on joining-up where joining-up is really important. I think it should have a responsibility for strengthening the capability of the Civil Service. I think it should have a strategic resource or an analytical resource. I

do not think we do enough in government in this country at looking ahead. I think it should monitor the really important delivery priorities. So I would bring probably a slimmed down Delivery Unit back from the Treasury and put it at the centre, but it probably needs a communications capacity. The thing I have not mentioned is security and I am not an expert on security. Others would say it should have primary responsibility for security. You could take those five or six functions and slim down the centre and make it much more effective but in order to do that, it would need to be clear where the centre had the ultimate power. I will give you one example which I think illustrates that point. If you look at IT across government, quite a lot of attempts have been made to join up and make IT across government more effective. I find it difficult to understand why DWP (Department of Work and Pensions) and Her Majesty's Revenue and Customs have different IT operating systems. The reason why they have different IT operating systems is that no-one at the centre had the power to say, "This does not make sense. This is what is going to happen". I think the centre on occasions has to have the power to say, "This is what you are going to do". You could take HR, personnel, whatever you want to call it; there are similar things within HR where the centre ought to have the power to say. I am working with the Cabinet Secretary at the moment on competencies for the Senior Civil Service. We should have a very clear statement from the centre about what we expect from all senior civil servants, whichever department they are in, and that should be a power at the centre. We do not have sufficient clarity about when there is influence, when there is co-ordination and when there is the ultimate ability to say, "That is what you do".

Q200 Lord Morris of Aberavon: Does that not mean at the bottom line, compared with 15 years ago, that the centre has become much more powerful?

Sir Michael Bichard: You are determined to encourage me to say there is more or less power that is more or less effective. I think it probably is more powerful in one way. On the other hand, if you talk to people who were around in Parliament or in the centre 20 to 25 years ago, some of them will say to you it was more powerful then because there were fewer people; they were closer to the Prime Minister, and therefore were able to interpret the Prime Minister's priorities and wishes more effectively and that gave the centre real power.

Ms Lomax: I think it depended crucially on the personality of the Prime Minister. If you take 20 to 25 years ago, the centre was very powerful because we had a Prime Minister who had very clear ideas and who struck terror into her colleagues' hearts. If you go back 15 years, when you had a hung parliament, effectively, and a very different political situation, the

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centre was much less powerful. It is not just a matter of civil servants; politics makes an enormous difference to how the centre works.

Q201 Lord Peston: Very briefly on this and I am partly jumping the gun, but surely one department, I am absolutely certain of this, in the sixties or seventies was infinitely more powerful than it is today and that is the Treasury. The Treasury was the powerful department in the sixties and seventies and nothing could happen, despite all departmentalism. The Treasury, having given the departments their budgets, still second-guessed every bit of expenditure they did. That has changed totally, as far as I know, from the evidence we have had. The Treasury is nowhere near as powerful as it was.

Ms Lomax: Let me have a go at that. Some of the story about the centre is a story about the tussle between the Treasury and some other grouping, whether it is the Cabinet Office or the Prime Minister's Office. The Treasury certainly has had cycles of power and influence. I think it has a lot more grip on what goes on when the money is tight but I would have said that since 1997 the Treasury has been, I do not know whether you would use the word powerful, but it has certainly involved itself in the development of policy in different parts of Whitehall to an extraordinary extent. It conceived of itself as an economics ministry and therefore its remit has run very widely. It is a different kind of control from the narrow financial budgetary control you are talking about, but it has certainly been a major influence on policy-making in certain parts of the Government. I certainly felt when I was in DSS and DWP, that the Treasury were the people we had to reckon with actually, not the Cabinet Office at all. If money gets tighter, I think the Treasury might turn out to be a greater force in the land going forward as well.

Sir Michael Bichard: I think it could become more powerful, I agree with that. There is something we have not talked about: as a Permanent Secretary before and after 1997, I think what was increasingly frustrating was the confusion which existed between Number 11 and Number 10 and between the Cabinet Office and the Treasury. In pure management terms, you had a set of targets which you were agreeing with the Cabinet Office and with Number 10 and then suddenly you have Public Service Agreements, which you might have seen as the Treasury's way of responding to the target regime, which had their own targets attached to them. If you were a Permanent Secretary trying to develop or create a department which really believed in clear priorities, a business plan, it became quite difficult to have these external influences to try and balance the Treasury and Number 10 to know exactly where the key targets and priorities were. That did become I think quite frustrating.

Ms Lomax: I would agree with that.

Q202 Lord Woolf: There is no dispute that both your views are that there have been shifts between departments and the centre from time to time. We have heard evidence which suggests that in recent times the centre has become over-powerful. I do not know whether you agree with that but, if you do, what do you think has been the impact on policy-making and does it create constitutional issues, particularly in relation to accountability?

Ms Lomax: The thing we have not really talked a lot about so far is behaviour. The way in which people behave in these different roles is absolutely crucial. Where there have been big constitutional problems in my mind is when permanent secretaries have found themselves under pressure from the centre to do things, and it could be from anywhere in the centre, it could be the Treasury, it could be the Prime Minister's Office, it could be the Cabinet Office—which those exerting the pressure were not prepared to admit to in public. If you are in the Department for Transport, to take a completely random example, you and your minister may have been put in the front line to pursue policies which you did not believe in at all. I do think people were sometimes forced to be publicly accountable for policies, in this way; and the people who were really pushing for the policies were not there alongside them when it came to a meeting like this, nor even maybe in the House of Commons. That is behaviour; people can behave badly, and they can behave well, under any arrangements. There needs to be clarity about who is accountable, and people need to understand that the person who is accountable has the last word.

Sir Michael Bichard: I do not think it is unreasonable in our democracy to expect that departments will have regard to what the Prime Minister and the Cabinet want. I do not think it is unreasonable that if the Prime Minister and the Cabinet—and I know the balance of power between the Prime Minister and the Cabinet can change too—are unhappy or dissatisfied or concerned about the way in which a priority is being developed or implemented that they should have the right to challenge it and to ask questions. That seems to me to be a perfectly appropriate thing to do. As a Permanent Secretary in a department, I felt the need to acknowledge that and not try to get into a position of confrontation with those who were advising the Prime Minister or those in the Cabinet Office, and I found it more useful on most occasions to get them involved at an early stage in discussions because often they could bring a different perspective and a helpful perspective and you develop policy. I do not think I am inclined to be totally sympathetic to those who, if you have received evidence from those in departments, are saying “it is a hard world and we no longer have any power”. They have a lot of power

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and, as Rachel was saying, very often how well you exercise power depends upon how well you behave and the style of engagement that you encourage. That is true of the centre, too. You are quite right that we have not talked very much about how the centre of any organisation, not least the Cabinet Office, needs to behave if it is going to be effective. It does need to be fully influencing; it needs to be credible; it needs to be seen as a centre of real expertise; and it needs to be good at negotiating. It also needs to know when not to seek consensus. Sometimes you can carry on for too long just trying to get everybody to agree. In addition to all the other things I have said about focus, clarity of role, there also has to be an emphasis on the way in which you develop a relationship with departments and vice versa.

Q203 Lord Woolf: The picture you are giving us is one where there are continuous changes taking place, often dependent upon the personalities involved and, looking at it from our point of view of wanting to try to make constructive recommendations, the way things might be done better, you are not identifying any particular matters which you think are now happening that you would say it would be better if they did not?

Sir Michael Bichard: You could probably say that in some respects I am saying that the centre should be more powerful. I think it should be smaller but I think where it needs to be powerful, it should have the power; it should have the power to ensure that some policies are joined up and some services are joined up more effectively than they are at the moment. It should have the power to monitor how delivery is going. It should have the power sometimes to call departments together and say, "This is not good enough. It has to be done in this way. We cannot have two different operating systems; we cannot have several different HR systems across government". If anything, I am probably saying that in some areas it should have more power, but in other areas it should not interfere; it should not intervene; it should stand back and have a light-touch monitoring of what is going on in departments.

Ms Lomax: I think you are saying something else that is important as well, which is that it matters how that power is exercised and at what level. It is fine that, at the end of the day when the argument has been had, and everyone has had their say, the last word rests with the Cabinet Secretary, or the Prime Minister, or whoever. What is not okay is when the junior representatives of these people at the top, without necessarily a clear mandate, come in and try to bully civil servants behind the back of their own departmental minister. That is where things start to go wrong. I think a much greater clarity about how the system ought to look when it is working properly

would help everybody, including new ministers as well as civil servants.

Q204 Lord Pannick: Do you think this clarity would be furthered by legislation or guidelines or directions, or is it a matter really of personality, politics, conventions?

Sir Michael Bichard: I think you can have transparency. That is helpful and maybe that is part of guidance and part of clarity. I am quite sceptical about whether legislation often helps when we are talking about relationships, and particularly relationships which will vary according to the personalities that are involved at any particular moment. It can so easily then become an unreasonable constraint on sensible behaviour. You will have Prime Ministers with different skills, different priorities, wanting to behave in a different way. My general view is that the Prime Minister ought to be encouraged and facilitated to behave in the way that the Prime Minister wants to behave and they will all be different.

Q205 Lord Norton of Louth: It really comes back, Michael, to what you were saying that the Permanent Secretary initiates policy; you want to get the same tips and you want to get the centre and get Number 10 involved at the initiation stage. Some of our witnesses have suggested that since 1997 it is Number 10 itself that has been responsible for initiation as well as interfering more in the delivery of policy. Is that fair?

Sir Michael Bichard: I have to say that I was Permanent Secretary before 1997. I was obviously in the Civil Service before that. I have observed that happening not just since 1997 but before 1997, and it is not a happy situation to have what I call alternative seats of policy—one in the centre and one in the department. It is an extremely uncomfortable place if you are a Permanent Secretary; you are torn between the two. It normally arises when there is a lack of trust or a lack of confidence, where the centre feels there is not enough pace, performance and progress being made, but it is not ideal and you need to try to avoid it happening and, if it is happening, you need to do something about it.

Ms Lomax: My opinion is that the centre ought to be thinking more strategically than departments; they also need to understand, and I am talking here about the Treasury as well as the Cabinet Office and the Prime Minister's Office, that only rarely do you have people at the centre who are anything like as experienced and expert as you have in departments. Those at the centre have breadth of vision; they can look at things from a different point of view and from higher up as well. They are better placed to think strategically at the centre. They are not there, though, to do it themselves, and if they find themselves in that

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position, something has gone wrong; the way they are working with departments has gone wrong. So I think there needs to be some clarity about what you can do best at the centre.

Q206 Lord Norton of Louth: That would result in the province that might identify that impression of the centre being strategically within the department's initiation.

Ms Lomax: Yes, strategy is jolly difficult.

Sir Michael Bichard: I think there is a greater role for the centre around strategy. I do not think we do enough thinking ahead. We do not do enough

working around scenarios. We do not do as much as other countries do, but I do not think you can say that the centre is just about strategy. I think it is about strategy delivery but only at a very high level and capability across the machine. I think those are the three real functions of the centre. If you look at the Chakrabarti Review three years ago which he did about the centre, that is exactly what he was saying: strategy, delivery, capability, but at the right level.

Chairman: Rachel Lomax and Sir Michael Bichard, thank you very much indeed for being with us this morning. You have been most generous with your time.

Examination of Witnesses

Witnesses: MR GEOFF MULGAN, former Director, Strategy Unit and SIR MICHAEL BARBER, former Head, Delivery Unit on the Cabinet Office Inquiry, examined.

Q207 Chairman: Sir Michael and Mr Mulgan, may I welcome you most warmly to the Committee and thank you very much for joining us. We are being televised, so could I ask you, please, formally to identify yourselves for the record?

Sir Michael Barber: I am Michael Barber, former Head of the Prime Minister's Delivery Unit.

Mr Mulgan: I am Geoff Mulgan, now of the Young Foundation, formerly Head of the Strategy Unit.

Q208 Chairman: May I start by asking both of you which key constitutional issues this committee should have in mind in conducting our inquiry into the role of the Cabinet Office and the centre of government?

Mr Mulgan: From my perspective, there are a number of different forces acting in tension on this issue. There is the formal constitutional accountability of departments and accounting officers and so on, which has more than a century of clear history. There is the slightly different pull of the accountability of a Prime Minister with a working majority in Parliament and more broadly his accountability to the electorate at elections for the work of government as a whole. There is then a series of questions about the effectiveness of government and what structures, processes and cultures make the centre of government and the departments as a whole function well and govern well. It is not obvious that all of these point in exactly the same direction.

Sir Michael Barber: I agree with the issues Geoff has raised. I just want to raise one more that is significant and seems to run through the evidence that you have taken over the past few weeks, which is whether or not there should be a department of the Prime Minister and the Cabinet. I notice that the former cabinet secretaries when they were before the Committee talked about having a strong, small

centre and Lord Burns talked about having a strong, more coherent centre. I agree with both of those sentiments. As you probably know, I have advocated publicly before the idea that there should be a department of the Prime Minister and the Cabinet. I noticed that a number of your witnesses have done that, including Richard Mottram and Dr Heffernan from the Open University. The reason I think that would be good is that it would really strengthen the centre in a number of ways. First of all, it would be more coherent; secondly, it would be a great deal more effective. Going back to your session with Lords Donoughue and McNally, they talked about the need for the Prime Minister to have a capacity to deliver, and I think it would meet that criteria. Thirdly, it would be a lot clearer. Nearly everybody you have interviewed says the situation is blurred at the moment, which is Robin Mountfield's word. Then, I think it would also be more honest. Peter Hennessy says that you have a department of the Prime Minister anyway in all but name, so why not go the whole hog? Then, most importantly of all perhaps, it would be more accountable because you could have a select committee system that focuses on it. I think if you did create a Prime Minister and Cabinet department you would at one stroke strengthen the Prime Minister, strengthen the Cabinet and increase the accountability to Parliament. I think it is too good an opportunity to miss and probably the only time you could do that would be immediately after a general election. I hope that whoever wins the general election will do that.

Q209 Baroness Quin: In terms of definition, should we call the Treasury part of the centre or not?

Sir Michael Barber: Clearly you should count the Treasury as part of the centre.

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Q210 Lord Shaw of Northstead: Could I ask particularly Mr Mulgan, with your experience in Australia and dealing there with the government: how would you characterise the central purpose of the Cabinet Office and the Office of the Prime Minister and the centre as a whole? Has it been working well in the past? Is it working well now? Should we learn lessons from other countries, for example?

Mr Mulgan: First of all, there are a number of functions which have to be organised at the centre of any national government. There is quite a long list. It includes: managing legislative programmes; allocating finance; possibly allocating key people, both ministerial and official roles; ensuring coherent strategy and policy; ensuring some delivery and performance; some of the communications of government have to be organised at the centre and a whole host of cross-cutting issues at least have to be overseen at the centre; even if not directly managed at the centre. There are a number of others one can add to that list. In some ways, the striking thing about the British centre of government to anyone looking at it afresh, and there have been various attempts to look at it afresh, is that it performs rather well on some of those functions and very poorly on others. Indeed over the years it had not built up many of the elementary capacities that one would expect at the centre of any very large, complex organisation, and a national government is about as large and complex as they come, and that arguably explains some of the under-performance of British government, central government I would say certainly on policy and strategy, certainly on delivery, and also on some of the more technical issues like public purchasing and the management of IT, which are increasingly important for centres of government. I think there is a broader issue, which is very important to your inquiry, and that is that most of the structures we have inherited, which are essentially late 19th century in origin, were designed for a model of government where the functions could quite easily be divided into vertical departments. Over the last 50 years, the number of issues which do not fit comfortably into those vertical structures has steadily grown, ranging from issues like poverty and social exclusion to climate change, business competitiveness and so on, and that has increasingly put pressure on those structures. Different countries have resolved or addressed this question in very different ways, not necessarily through stronger centres, though sometimes through stronger centres, but always through a better balance between vertical structures and more horizontal cross-cutting structures. Australia is an example of that. I do not think they have the perfect solution and obviously they have a Prime Minister's and Cabinet Office. The only place I would perhaps take a slightly different position to Michael is that I think it is very important

for any government to have a coherent, competent set of central institutions, which includes a Prime Minister's Office, a Treasury, a Cabinet Office and potentially one or two others. What is very important in Westminster systems is that they are adaptable enough to changing balances of power between the Prime Minister and other Cabinet Ministers, potentially between a governing party and other coalition parties, and so on. Any structure which is designed solely to fit one particular political balance of power may then not work in a different situation, and that is why I think the PM and C model is a reasonable compromise between what is bound to be the primary authority for the Prime Minister, particularly in a more media dominated political age, but also the need to reflect the power and interests of other Cabinet Ministers. In the Australian situation at the moment, for example, the Deputy Prime Minister there is responsible I think for about 40 to 45% of public spending; she plays an extremely powerful role in shaping the government's programmes, legislation, policy and so on, in partnership with the Prime Minister. It is not a central structure entirely dominated by one person.

Sir Michael Barber: May I add to that *tour de force*? I think one or two of your witnesses over the last few weeks have talked about writing all this down in rules, which I think personally would be quite risky because it does not have the pliability and flexibility that Geoff Mulgan has just mentioned. I do think, when you look back over the last 30 or 40 years in this country but also when you look at other countries, you need to be able to adapt to the different personalities and circumstances, and the challenge of being Prime Minister has become a great deal tougher in many ways. Several of your witnesses have mentioned the 24/7 media pressure, but there are also the demands of a variety of international institutions—G8 summits, G20 summits and the European Union. All of those take far more time and preparation for Prime Ministers than they did 30 or 40 years ago. It is very important to enable the system to adapt to the person who is Prime Minister and to the circumstances at the time, so I would argue against rules. I do think that you need, whether it is in the Prime Minister and Cabinet department as I would advocate, or in separate institutions at the centre, the ability to do strategy, to chase progress, which is what the Delivery Unit was set up to do, to reform, strengthen and build capacity of the Civil Service, and then, and this is going to be very important in the next five to 10 years, to control public expenditure, even though the demands from the public for higher performance are going to continue. Within that, you need a small but effective Prime Minister's Office that enables him or her to lead the government effectively.

Q211 Lord Lyell of Markyate: How would you characterise the changes that have taken place in the Cabinet Office and the centre of government since

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1997 and what are the strengths and the weaknesses? Just to flesh it out a bit, Geoff Mulgan talked about coherence and competence. We heard just earlier this morning of a certain hankering for something of the past which was smaller and stronger. We are now told that we have six permanent secretaries in the Cabinet Office and 1500 to 2000 people. Are these improvements? How are things changed?

Mr Mulgan: Over a longer period they have obviously changed greatly in some respects; I do not think there is a particular break point at 1997, so in the early 1990s the Cabinet Office started proliferating new units which were meant to reflect the priorities of John Major and his government, and to drive both programmes and indeed culture change across government on things like Citizens' Charters and so on. Those seem to me appropriate roles for the Cabinet Office, so long as they are relatively temporary roles and are about initiating changed behaviour patterns across government. Some of what happened in the Cabinet Office after 1997 was of that kind—for example, a Social Exclusion Unit deliberately set up with a time limit to its life, which happened to be extended, but the intention when it was set up was that it would last no more than three or four years with the aim of then being embedded in other departments. Some of the work of the Delivery Unit was again intending to embed new habits in departments. The Strategy Unit grew quite big for a time, but always our intention was for it then to shrink and for there to be stronger strategic capability left behind within departments, with fewer functions taken in the centre. Some of the pressures on centres to grow are inevitable, for the reasons I have said before, but the numbers of high salience and important challenges facing governments which do not fit within departmental boundaries have grown, and I think will continue to grow in the future. The challenge for the centre was that it often was quite confusing for departments in the messages it sent, and there were sometimes different messages and different priorities coming from parts of the Cabinet Office, parts of Number 10, parts of the Treasury—I know this was also true in the 1970s and 1980s and is perhaps a feature of British governance, but perhaps that became more acute for a time because of the number of different entities in the Cabinet Office. The hankering for a degree of greater coherence on the part of the centre, in terms of what it wants at different points from departments, has still not quite been met, and we did try and develop a rather simple set of principles about what the short, medium and long-term claims of the centre on departments should be and that those should be, agreed across Number 10, Cabinet Office and Treasury. Those were ranging from the requirements of spending reviews, performance management and so on, the cycles of policy and strategy review and

then sometimes the centre taking much greater power during short periods of crisis when it is critically important that departments do not act at loggerheads or indeed communicate to the media in contradictory ways, but those should be, as I say, temporary crisis arrangements.

Sir Michael Barber: There are many things we could point to and I agree with everything that Geoff has just said. In the four years I was working in the Cabinet Office and Number 10, setting up and then leading the Delivery Unit, the Prime Minister's priority in that phase in domestic policy was the reform of the public services, and if that is your priority as Prime Minister then both in terms of strategy and delivery you want to establish some principles by which that will occur, and then you need some mechanisms for building that thinking and then driving results in the relevant government departments. What we found—and Geoff and I talked about this at the time and it is very important—is that you cannot have a Delivery Unit that delivers health reform, education reform, reductions in crime, but what you can have is a Delivery Unit that enables departments to do that. Similarly, you can do strategy work at the centre for the Prime Minister but ultimately what you want to do is enable government departments to do strategy, and a lot of the way we built our relationships with departments was enabling them to do their job better. We in the Delivery Unit regularly got independent people to ask permanent secretaries and ministers and senior civil servants what they thought about the Delivery Unit, and the thing they constantly came back to was (1) we were very helpful; (2) we kept the priorities of the Prime Minister clear and consistent; and (3) we enabled them, we strengthened their capacity to deliver. It would be absurd to set up a Delivery Unit at the centre and try and deliver stuff from Number 10. One of the things, by the way, while I have got the floor that I just wanted to correct for the record is that in the very colourful evidence you took from Simon Jenkins he quotes me as saying: "The one institution you do not need in British government is the departments; just do away with them, you just need me and the Treasury and regional government." That is absolutely not what I think nor have I ever said it; in fact I believe pretty much the opposite; you want strong effective departments, you definitely do not need me and I do not agree with regional government. It is wrong on all accounts.

Q212 Lord Rowlands: May I pursue with you, Sir Michael, the issue of this Delivery Unit? You have described it as an enabling unit in some ways, but how does it fit in with the relationship with the Cabinet Office's role? If it is apart from the Cabinet Office, was not the Cabinet Office's job also to do this type of thing?

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Sir Michael Barber: The Delivery Unit was part of the Cabinet Office. I had a dual role: like Geoff I was adviser to the Prime Minister on delivery but I also headed the Delivery Unit which was a key part of the Cabinet Office and so it was fulfilling that function of the Cabinet Office in that time. To do the delivery job we had to build a very good working relationship with the Treasury, which we were able to do, and in fact part way through the time when I was running the Delivery Unit my staff, who remained Cabinet Office staff, moved into the Treasury. Richard Wilson and Andrew Turnbull both saw us as a very effective part of the Cabinet Office and we were extremely well-respected and sometimes liked by the departments. They thought we were very helpful.

Q213 Lord Rowlands: So you were not a part of Sir Robin Mountfield's "dustbin"?

Sir Michael Barber: No, it did not feel like that at the time anyway.

Q214 Lord Rowlands: Was it a dustbin?

Sir Michael Barber: That phrase and the phrase "brantub" occur in the same vein. The Cabinet Office has historically been a place where governments put things when they cannot think of where else to put them, so in that sense that is the case, but both strategy and delivery, as Geoff was saying earlier on, are key functions of the centre of government wherever you are in the world, and the question is how you do them effectively. I should say that like Geoff I find myself abroad quite often, talking to people who lead governments, and the Strategy Unit and the Delivery Unit are probably the two most emulated parts of the UK reforms that have been undertaken by governments around the world. Certainly, the Dutch Prime Minister, the Governor of Maryland, the Mayor of Los Angeles and others have copied the Delivery Unit and there are many people who really admire the strategy.

Q215 Lord Rowlands: Thank you. In that sense there was something of a watershed.

Sir Michael Barber: There was. As Geoff was saying, this was building on major reforms but certainly by the second term Tony Blair, with his focus in domestic policy on reforming the public services, wanted a stronger and more effective centre—not particularly a larger centre—and what I have said in the book I published on this is that he did strengthen it in some ways but I do not think he completed that reform. In many ways it was incoherent and there were elements of the dustbin, as you describe, at the centre.

Q216 Lord Morris of Aberavon: Forgive me, but what does the Delivery Unit do? Is it a label for what might well have been done by the Cabinet Office before? Is it a means of strengthening the centre?

Sir Michael Barber: I can tell you very clearly what it did in the four years while I was setting it up and running it. With the Prime Minister and leading Cabinet Ministers and the Treasury we identified roughly 20 key priorities that the Prime Minister had across health, education, crime, the Home Office portfolio and some of transport. We identified those priorities, we agreed with departments what they would seek to achieve over a four- to five-year period and those targets were represented in the PSA targets which you are familiar with. Then we helped design a set of systems at the centre that enabled the Prime Minister and the Cabinet Office to pursue delivery of those things. All through that, as I was saying in answer to a previous question, we were strengthening the capacity of departments to do delivery. I said to the permanent secretaries when we were set up in 2001 that I hoped we would be so successful that in three or four years we would be able to abolish the Delivery Unit because they would be good at delivery. When I went back to see them in 2004 to ask them, I said "Shall we abolish the Delivery Unit now?" and they said "No, we find it very helpful because we like the consistency of the priorities, we like the fact that you have a small number of very helpful people and that you keep us straight and honest and focused on our priorities, even though there are many crises going on affecting all the departments". One of the key insights, which has not appeared in the evidence as far as I have seen it so far, is that government increasingly is driven by what you might call crises or what Harold Macmillan called "Events, dear boy, events", but unless you have really systematic routines it is very hard to deliver these big public service reform outcomes that the public want. What we built was a set of routines so that we were not distracted by the media, we were not distracted by crises, we did keep a focus on those priorities and over the four-year period I was there, and I think since, the Delivery Unit enabled the Government to keep focused on those priorities even when there were crises pulling the Prime Minister and other ministers off that core agenda.

Q217 Lord Lyell of Markyate: One of your areas was education. Has this been a wonderful example of delivery, it did not just expand?

Sir Michael Barber: There are two aspects to focus on in terms of delivery. In the first Blair term I was in the Department for Education, I ran the part of the Department for Education called the Standards and Effectiveness Unit which was responsible for the implementation of the Blair-Blunkett school reforms, and I am very confident that we made a significant amount of progress during that four-year period and in fact that was one of the reasons why people began to associate me with delivery. The education system

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as a whole as a result of the Blair-Brown reforms is significantly better than it was 10 or 15 years ago. If you look at, for example, recently published international comparisons of the performance of countries in maths and science—the TIMMS Study that was published in December—you will find that England is one of the very few large countries, certainly the only large European country, in the top ten in maths and science at age nine and age 15. While there is a lot more to do and nothing is perfect I would say, yes, overall in the last 10 years there has been really significant progress in delivery in education.

Q218 Lord Peston: Could I just check what you said first of all, Michael, in answer to Lord Morris; did you say you had identified the Prime Minister's priorities and then you listed a whole series of areas in which he had priorities and then you saw to the delivery. Do you not think that is astonishing? If you look at the history of our country from Clem Attlee right through at least to Jim Callaghan, the idea that the Prime Minister had a whole series of priorities in a vast number of areas—Clem Attlee's only priority was to know the cricket scores, for example, but even someone much like Harold Wilson, if he had priorities it was certainly in most areas unknown to anybody at all. There has therefore been an extraordinary transformation in the way government works, has there not, and even if you compare it with Margaret Thatcher she did not have priorities in that many areas—she had one or two—and so what happened in 1997 really was a watershed and it is an interesting question whether the Prime Minister ought to have priorities in such a vast number of areas, to go back to the point. Surely it is the departments who ought to have priorities and one or two that are vitally important the Prime Minister will take an interest in, which is how the British Constitution used to work.

Sir Michael Barber: Geoff might want to come in on this but let me just make a couple of points.

Q219 Lord Peston: I am not judging which is right or wrong but totally that is how it has been.

Sir Michael Barber: First of all I just want to correct something. What I said was that with the Prime Minister, Cabinet Ministers and the Treasury we identified the priorities. This was just after the 2001 election, there was a manifesto, there were already a set of spending review priorities from 2000, and the ones we chose were a selection from those, and although they were across those areas they were not all the things in the Department of Health, all the things in the Department of Education, they were selected things from those. Actually, on the history—and we can debate this—if you read what Macmillan

said when he was Housing Minister in the early 1950s after the Conservative Government had won the 1951 election with a target of 300,000 houses a year, he said that he felt the heat of the Prime Minister breathing down his neck and he talks about the pressure of delivering that target. If you go to the early Thatcher years you find advisers saying they wanted her to get into reforming the public services and she is saying “No, no, we have to sort out the supply side first”. Those are examples of prime ministerial priorities. In the case of the 2001 election Tony Blair had chosen to focus on reforming Britain's public services. What he felt about the first term was that apart from education there had been insufficient delivery—lots of talk about health service reform but not enough delivery—so I do not think that in that sense it is very different from history. What I do think is different is that the Prime Minister chose to try and deliver complicated public service reforms through to outcomes in one Parliament, and actually one of the things that has changed in the last 10 years or so is that Prime Ministers and ministers get held to account for outcomes much more than they used to. Harold Macmillan is an example of outcomes with houses but if you look at education ministers—and you and I have experience going back in the education service—David Blunkett was probably the first Secretary of State for Education to be held to account for how well the children did in school. Other Secretaries of State like Kenneth Baker or Butler and many of the ones in between got held to account for the reforms they made or the changes they made or the universities they opened or whatever it might be, but David Blunkett and his successors have been held to account for the outcomes of children in school.

Mr Mulgan: Could I just add to that? The first point, is that although there is a technical constitutional sense in which departments come up with policies and are held to account by Parliament, this is completely at odds with the reality of the political accountability of a party and a government to the electorate, and in a sense all that a Prime Minister is doing by asserting some priorities, whether they are about delivery or about legislative change, is responding to that underlying political reality. They can choose to do that in a very laidback way or they can choose to do it in a more intensive way like a Margaret Thatcher or a Tony Blair. The broader change which Britain has been a part of is towards governments and parties being much more explicit about a number of often numerical targets they are trying to achieve. We are not unique in this respect; you can see the same trends in many countries across the world, certainly in US states, Australian states and in parts of Europe. This is a sea change which has many factors behind it which we could spend all day discussing, but it is very unlikely that Britain could be

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immune to that change in the notion of what the contract is between a governing party and the electorate. There is a real question as to how many priorities a Prime Minister should have, is it three or 300, and there were times, certainly in the early 1990s, when the Government had a ridiculous number of performance indicators and targets which no one could remember let alone enforce. There is always a question about overload at the centre and in the past I have said that there have been risks of the centre becoming overloaded in terms of the number of priorities and tasks it has taken on, and the key question for any political leadership is to be disciplined and economical about its priorities. There is just one final comment I wanted to make: the role of the centre in strategy is not in itself new. When we were setting up the Strategy Unit we read the histories of CPRS and other equivalents and in some ways what was striking—and I hope this will not offend anyone—when we read a lot of the CPRS materials was how almost slightly amateurish they were in terms of analysis, and also how detached they were from departments. The model seemed to be to almost write an essay, send it to departments and hope they would be annoyed, whereas the model which we both tried to do was to engage ministers and permanent secretaries much more in shaping the work programme, seeing things through, buying into the process. Indeed, we set a target for the Strategy Unit that 50% of our projects should be initiated by ministers other than the Prime Minister or Chancellor, so we were working almost on commission to other Cabinet Ministers. That was a much healthier way of doing things than the CPRS model of the seventies and eighties which led to unnecessary friction and also, as I say, in terms of method was really not very impressive in retrospect.

Q220 Lord Pannick: Following on from Lord Peston's question do you think there has been though any diminution in the quality of Cabinet government and does it matter? Do you think that there is a concern to any extent that as Number 10 seeks to do more and more the expert departments have a reduction in their responsibility and in the quality of the work that they do? Does this raise any concerns?

Mr Mulgan: This is the most fundamental question, how well is government making decisions. You can roughly judge that, though it may take a long time, in terms of how many decisions a year later, five years later, 10 years later look mistaken. How far the 2000s would compare to the Eighties, the Seventies or the Sixties by that criterion I will leave to the historians; I am sure it is no worse but it may not be that much better. The more basic question is, is the right knowledge and intelligence being brought to bear

when the decisions are being made? Cabinet committees are one way of bringing a range of views together, but in some ways it is slightly the wrong question to ask "Is it better for a decision to be made just by a Cabinet committee or by a Prime Minister with various others around the table?". One of my main criticisms of the way government works in this country and to a degree in other countries is how often decisions are made without people around the table who have the deep knowledge of how these will play out in a school, in a prison, in a small business. I have seen many, many Cabinet committees meeting when no one around the table had that sort of in depth knowledge of the issues, and many senior departmental figures, because of the high turnover often in the British system, often do not have the right intelligence. Indeed, a striking feature of the centre of British Government is that it has superb capacity for assessment of international issues, intelligence assessments of security threats of all kinds, but had almost no comparable intelligence when it came to domestic issues and domestic policy. One of the reasons for creating some new capacities in the Cabinet Office was to replicate what was being done so well in an outward-looking way in terms of internal capacity, and then ideally that intelligence is brought to bear around committees with a range of different views of Cabinet Ministers and, I would argue, often as well bringing in other kinds of outsiders to be around the table, who need not be civil servants. This is another thing where perhaps Australia has some lessons for us where some states have involved non-elected politicians in committees of all kinds where the premier or the Prime Minister was clear there was a lack of the right knowledge amongst their ministerial team.

Sir Michael Barber: In the Hennessy evidence with your Committee he talked about the human problem which I would prefer to put as the human aspect of this. Clearly if you have a constitution as fluid and unwritten down or ill-defined as our own then the way individuals behave at certain times becomes absolutely decisive, and we were talking of the advantages of that earlier on. I think what you see is that first of all the power of a given Prime Minister is very contingent on the moment. Power ebbs and flows, often by the month or the day. I remember in 2003 that one of the things Tony Blair was considering was ring-fencing funding for schools so that it went through local authorities to schools so you could guarantee schools a three year budget, but he chose not to take it to the Cabinet because he was exhausted. It was immediately after the Iraq War and he did not think he had the political capital to take it through when it clearly raised issues for local government and others. A year later there was exactly the same issue, exactly the same principles; he felt powerful enough to take it through, so you get an ebb

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and flow in prime ministerial power. What is clear is that if the Cabinet chooses to assert itself it can certainly prevent a Prime Minister from doing things; the question is whether it chooses to assert itself. That is not a constitutional issue, that is to do with the people on the Cabinet and the issue at stake. I personally am not worried that Cabinet government has been eroded, it is all a question of whether the Cabinet chooses to exercise that power and the particular ebb and flow of prime ministerial power at a given moment. The second thing I just wanted to comment on, just picking up something that Geoff said, one of the common themes of the Strategy Unit and the Delivery Unit was the ability we had in different ways to bring data to bear on major decisions. We massively improved the ability of Government to be evidence-informed at the point of decision, and personally I think that is an unsung legacy of the work of both the Strategy Unit and the Delivery Unit, and it has continued since Geoff and I were there.

Q221 *Baroness Quin:* Following up Lord Pannick's question, in terms of the relationship between the centre and departments, one of the earlier witnesses this morning was talking about the desirability of departments somehow being more grouped together to deal with some of the issues that have emerged, whether it is climate change, whether it is poverty and social exclusion, the ageing society or whatever. I just wondered whether you felt that there was an advantage in somehow seeking to almost change the structure from individual departments into something else, or is that going too far or is it not necessary?

Mr Mulgan: It is a general principle of organisational design that you do not normally have 23 or 24 direct reports to a chief executive or the head of an organisation, so it is quite an unusual way of organising things to have so many departments, and yet most of the experiences of super departments and groupings and so on have not been very successful; they require super ministers, who may be in short supply, and again they slightly depend on the underlying talent base and political balance. Some other countries have attempted different ways of organising things with a smaller number of strategic priority fields which senior politicians are attached to and budgets are attached to, which then essentially purchase policy and delivery from departments which are treated as slightly less dominant than in the British system. My guess is that that is the direction many of the more competent governments will take. If you look at the World Bank listing of most effective governments, several of the ones in the top five have started moving in this direction, perhaps slightly less

constitutionally constrained in terms of departmental form than us. The other pragmatic solutions are to leave departments intact but create a number of structures which are cross-cutting and have real power, political clout and budgets attached, and around an issue like climate change that is to a degree what is happening at the moment. It has happened to a degree around child poverty and various other things, but it seems to me we are in a transitional period still from a traditional, essentially Victorian, model of vertical departments to one where there is more of a mix of vertical structures of delivery and horizontal ways of organising political authority, money and accountability. We are still at the early stages of this transition.

Sir Michael Barber: I agree with all that; I just want to give an example of one country where they are grappling with this in what I think an interesting way, although it has yet to be proven. The Dutch Cabinet—which is obviously a coalition government so different from here—having agreed a programme for the coalition which was arrived at after the election, as you would expect with a coalition government, then organised that in six pillars and each of the pillars is a Cabinet committee, chaired by a senior Cabinet minister. Those Cabinet committees meet on a Thursday and they report to the Cabinet which meets on a Friday. So they have not changed the departmental structure, but they have created the pillars, one of which is around environment and climate change for example, one of which is around social issues generally, and you can see how that form is an attempt to get round the question you are asking, because what you cannot do is keep endlessly changing departmental boundaries because issues will change as you change the boundaries, so you will never catch up if you do that. You need a structure that is more flexible than changing the departments and it may be that that experiment or something like that would work here. Indeed, there are some areas where in this country we have been reasonably successful: in the second Blair term the Delivery Unit pursued the implementation, which involved several departments, of the national drugs strategy and there was some real progress made on that—not enough but some significant progress, and that was a collaborative venture of a number of departments built around a Cabinet committee. The other thing I wanted to say, which is an important part again of the Strategy Unit and Delivery Unit work over recent years, is that you need systems that enable departments to learn from each other about how to get things done. The vertical departments not only have the risk of not having joined-up government, as implied in your question, but they also have the risk of not learning from each other about how to do things. We found that there were many, many cases where once you had got a thinking through of

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delivery and a making explicit of how to do things, you could get the Department of Health learning from the Department of Education, learning from the Home Office or whatever it might be, and that cross-learning about how to do things, about how to design strategy, how to do delivery, is as important a cross-cutting theme as the actual issues like drugs or whatever it might be that is a cross-cutting issue.

Q222 Lord Woolf: I am sure it is my fault but I have not got a clear picture as to how things have changed since your time. Is it your impression that it has continued on much the same lines, based on the experience and learning that you had during the time that you were in office, or that there has been a movement away?

Mr Mulgan: The Strategy Unit is doing many projects and indeed just got a new Director about a month ago, who is extremely able. Its tone has slightly shifted from when I was there. There are probably more private projects within government, usually working with one department and the Prime Minister whereas the model we tried to develop was actually very transparent and very open about the analysis, about the data and about the prescriptions—very much as Michael did with delivery. In some ways that is a matter of taste and tone of any particular administration, how comfortable it is with making its inner working transparent to the public. I guess I have got more visibility in the last two or three years of other governments which have essentially copied the UK model, like France, or Australia which is just building up a strategy team, and some of the other European countries which are trying to follow elements of the approach to doing systematic analysis of data, of evidence, scouring the world to find out what works best, who we should be learning from, which was very much not part of the norm for the British government until very recently (the insularity of policy papers one reads before the nineties is extraordinary in retrospect, as if there was nothing we could learn from anyone else), and then trying to turn those into medium to long-term strategies which would then guide the specific policies, laws and so on. That is an approach which is now becoming quite widespread across the world.

Sir Michael Barber: I just wanted to pick up two things and then answer the question. In the answers we are giving there are two things that are important; one is getting the routines at the centre working effectively so that you are not constantly driven by crises and the media; the second is the way in which you build relationships between the centre and the departments is absolutely fundamental, and that has been a common theme in what we are saying. In those respects the Strategy Unit, in so far as I have seen it

in operation since Geoff left, is still doing a similar kind of thing and still building relationships that are very effective with departments. The Delivery Unit has been embedded in the Treasury but still has a reporting line through the Cabinet Office to the Prime Minister. Its agenda has shifted to the PSAs agreed in 2007, just after Gordon Brown had become Prime Minister, and those PSA targets are all cross-cutting ones, so its agenda is somewhat different from my time when it was very focused on the priorities that Lord Peston and I were discussing a few minutes ago. The methods it is using are broadly similar and its relationships with the departments are similar. The other thing that is very important, given the state of the public finances, is that it is now looking not just at the outcomes but can it control the inputs, i.e. productivity, not just the outputs. In the book I wrote about this I strongly advocated that that should be a function for the Delivery Unit and if that is going to be its function it needs to have a strong working relationship with the Treasury. It has changed in emphasis, but the core methodology is very similar.

Q223 Lord Morris of Aberavon: Has the Treasury become more or less powerful?

Mr Mulgan: Since when?

Q224 Lord Morris of Aberavon: In your time. Let us go back to 1997; the Treasury always has a clause in every Bill “with the consent of the Treasury Minister” or whatever. That is a formality; has that developed or has it been reduced?

Mr Mulgan: The Treasury certainly became much more powerful after 1997, both in terms of its political power but also its capacities, and in the mid-1990s they actually made a deliberate attempt to strip out much of its capacity and to achieve savings in head count and so on. When Gordon Brown arrived in the Treasury he wanted to reverse that, he wanted a much more activist Treasury, a Treasury which initiated policy, which sometimes directly delivered things itself as well as having an engagement in the policy of many departments. There are many views about how desirable that is; my own view is that most of the things which the Treasury was involved in initiating, like Sure Start, it was a good thing that it did so and that it was concerned to improve the lot of the British citizens. On others where it got too closely involved in implementation it generally did not do a very good job because that is not what the Treasury has ever been very good at. I take a slightly heretical view that the tension between the Treasury and Number 10 and departments was as often a creative tension, a mutual challenge, as being a disruptive tension, and I know it was often difficult for the individuals caught up in the middle of it—and both Michael and I had our fair share of being caught up

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in the middle of it—but governments do need that kind of internal challenge and argument in order to get to better decisions. The big challenge for the Treasury now, which is very pertinent to your inquiry, is the one Michael said: as we enter a period of much greater pressure on public spending many of the most important opportunities for saving money will not lie within departments or with a Treasury simply putting pressure on departments to slice off 1, 3, 5% from their budgets, but actually in the space between departments—things like better support for teenagers so they do not become criminals, do not have to have prisons built for them, or helping older people stay longer at home rather than going into hospitals for acute episodes. At the moment we are very poorly served in terms of structures for fixing these kinds of cross-cutting issues, and they become much more important actually in a time of public spending pressure than when public spending was relatively abundant, as it has been for the last 10 years. I hope the Treasury will develop the capacities to work on these sorts of issues, which, at the moment, it probably does not, and there is probably no part of the centre which really has that capacity for rigorous cost savings which actually do not destroy value for the public.

Sir Michael Barber: This is an absolutely crucial question. Many of you have long experience in and around the legislature and the executive. The Treasury, particularly in times of financial constraint, has always been very powerful. I remember writing about educational history long ago and discovering a minister in the 1930s, the President of the Board of Education, saying that his department had become no more than an outpost of the Treasury, so that is not an unusual perspective from a department over the last 70 or 80 years, but what is very clear now when you look at the future is that the productivity of public expenditure is the fundamental challenge facing the country in domestic policy, so can we continue to improve the quality of our public services while getting a grip on the deficit? That is the fundamental challenge in domestic policy, probably the single most important challenge. What I believe is important—and this goes with what I said at the beginning—it is important to have, in my view, a department of the Prime Minister and the Cabinet for the reasons I gave. I also think the Treasury needs to continue to strengthen its capacity to manage public sector productivity, and the section of the Treasury, of which the Delivery Unit is now a part, that does public services outcomes, expenditure and productivity is absolutely fundamental. The strength of that is going to be very important and it is going to have some difficult conversations with departments, whoever is in power, and that is an important part of the job. What I also believe is important is to get a significant Cabinet committee which the Prime

Minister, in my view, should chair—whoever is Prime Minister—with the Chancellor present and the public services ministers present. That should oversee this central administration of the Treasury public services productivity bit, the department of the Prime Minister and the Cabinet, and get a coherent central grip on what is the central issue, because whoever is in power, that is what the Prime Minister is going to be held to account for in domestic policy. Getting the machinery of government organised so that the Treasury and the Cabinet Office collaborate effectively and there is a powerful Cabinet committee that controls that, would give us both the coherence that has been missing and runs through your inquiry, and the capacity to deliver on what is the central challenge of domestic policy.

Q225 Lord Lyell of Markyate: I do not quite understand; you said the Treasury since 1997 has become massively more powerful so how has it allowed us to become so grossly overspent if it is so powerful?

Mr Mulgan: It became powerful reflecting the priorities of the minister in charge of it who at that time had a fairly expansive programme around social policy and other functions. As Michael said, some have criticised the Treasury for becoming less focused on its traditional public spending control functions during this period and, quite clearly, in the next five to 10 years it will have to regain those habits. The key issue for me in that is that as it does perhaps regain those habits of tight control it does so in ways which are intelligent. There are many ways of controlling public spending which are deeply disruptive long-term, and many of the ways I would argue in the early Eighties that public spending was reined in created costs which we are still bearing today. It is absolutely critical that there is a strategic view, an evidence-informed view of these choices and one which can cope with, as I said before, the issues which cut across individual departments rather than just bearing down on them. There is one other important aspect of this which is important for your inquiry and will be important for savings in the next few years. One of the reasons why centres of government are changing their structure is exactly the same reason why centres of large businesses have changed their structures: it is simply the availability of communications technology. Departments were formed as they were and were theorised by Haldane and others as deep pools of knowledge in an era when communication was very expensive and therefore had to be organised primarily through vertical hierarchies. When communication is much cheaper, much easier to organise horizontally, the potential for organising both decision-making within government and the delivery of services in very different ways becomes a critical issue of governance. This will be key for

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savings, and indeed that is why it is very important that the Treasury understands the potential of technology for reshaping services and driving up productivity, and most productivity gains will come from applications of technology just as they have in private services. Also it makes possible the sorts of things we have been talking about—much more governance done through projects, involving many more people and mobilising many other sources of intelligence other than just ministers and their civil servants. This is the great potential of our moment; that the underlying tools for organising government are very, very different from what they were even 10

or 20 years ago, and that is why, even if you ask the same question in an inquiry like this every 10 or 20 years, the answers will be very different.

Sir Michael Barber: I do not have anything to add to what Geoff said on that question.

Q226 Chairman: Sir Michael and Mr Mulgan, can I thank you most warmly on behalf of the Committee for joining us this morning and for the evidence you have given; thank you very much indeed.

Mr Mulgan: Thank you.

Sir Michael Barber: Thank you.

WEDNESDAY 15 JULY 2009

Present	Goodlad, L (Chairman) Lyell of Markyate, L Norton of Louth, L Peston, L Rodgers of Quarry Bank, L	Rowlands, L Shaw of Northstead, L Wallace of Tankerness, L Woolf, L
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Examination of Witnesses

Witnesses: LORD HESELTINE, a Member of the House and RT HON DAVID BLUNKETT, Member of the House of Commons, examined.

Q227 Chairman: Lord Heseltine and Mr Blunkett, may I welcome you very warmly on behalf of the Committee and thank you most heartily for agreeing to join us this morning. We are being televised; could I ask you, please, although it is in both your cases not necessary, to identify yourselves formally for the record?

Mr Blunkett: I am David Blunkett, former Cabinet Minister, primarily Home Secretary.

Lord Heseltine: I am Michael Heseltine; I was Deputy Prime Minister and before that I held the jobs of Secretary of State for the Environment, Defence and Trade and Industry.

Q228 Chairman: Thank you very much. Could I begin by asking which constitutional issues you think their Lordships' Committee ought to have in mind in discussing the role of the Cabinet Office and the centre of government?

Mr Blunkett: There is a difference between constitutional issues and the practical and administrative ones on the constitutional side. The probity issues that are dealt with by the Cabinet Office very well are little known, little seen. On the issues of how government works—the governance structure, the way in which policy is formulated, debated and agreed by Cabinet—the issue as to whether what is theoretically the case actually takes place in practice and my own experience of Cabinet committees was variable and a great surprise, even for someone who did a degree in politics, was to find that Cabinet committees did not report to Cabinet.

Lord Heseltine: As I glanced at the questions that I was told you might ask it seemed you were concerned about the role of the Prime Minister and the Prime Minister's Office and, basically, therefore the issue of the first amongst equals as opposed to a presidential style. That is very important and that has to be coupled with the question of the power centred on either the Cabinet Office or Number 10—probably much the same thing.

Chairman: Thank you very much indeed. Lord Shaw.

Q229 Lord Shaw of Northstead: How would you characterise the central purpose of firstly the Cabinet Office, and then the Office of the Prime Minister, and then the “centre” as a whole? In fact were these purposes fulfilled during the period that you were there, or do you find that they were fulfilled but now they are not fulfilled so well? What is your experience on that?

Mr Blunkett: We have a general purposes function for the Cabinet Office and clearly there are functions that require to be dealt with that do not fit easily anywhere else, and we have tended to use it over the years—this is going back historically, not just over the last decade—as a repository when it was not clear that they fitted elsewhere or where functions that were elsewhere were seen to be overburdening the particular department or the ministers concerned. That led to some confusion because your question about the servicing of the Prime Minister raises the question also of the servicing of the Cabinet as a whole. Obviously there has to be an administrative function in terms of servicing the committees and cross-departmental and cross-government working. We could be much clearer about what the role of the Cabinet Office is in that respect, pulling together cross-departmental working arrangements, both policy development and reports, and the functioning of Cabinet committees which I think is dysfunctional. It is dysfunctional for two reasons: one because either you have an annotated agenda where to all intents and purposes decisions have already been made and the job of the Chair of the Committee is to get them through in as speedy a time as possible, or there is genuine disagreement which will have to be settled out of the committee because a row in committee and a vote is neither helpful nor acceptable and very rarely, in my experience, took place. When we were dealing with the Freedom of Information Act and the Human Rights Act we did have some vigorous debates but again they had to be settled outside. On corporate manslaughter, which was a deeply complicated issue, people were reading out their departmental briefs. That relates to the servicing of the Prime Minister. If it were not for the fact that it

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would enhance the role of the Prime Minister in a way which would be seen as presidential and therefore would enhance the role of a single individual as against the Cabinet, I would be much more strongly in favour of having a Prime Minister's Department because the structures that were developed, including structures for delivery as well as for policy development, effectively meant that, but with a mishmash in terms of what you have described as "the centre" being confused between the Cabinet Office and the Prime Minister's Office.

Lord Heseltine: An important caveat is that I have not been involved for 12 years and what happens now and what has happened in the decade that has passed may be quite outside my experience. When I was in the Cabinet Office I was also Deputy Prime Minister and I had a very able minister, Roger Freeman, (now Lord Freeman) who looked after the Cabinet Office. I had also taken with me from the DTI the competitiveness agenda and so I had a substantive responsibility for that latter function, which took a lot of time, but also of course as Deputy Prime Minister one literally did do the job that the Prime Minister wanted you to do, which was much the most important part of what I was doing. I was conscious of looking—I remember well—at the responsibilities of the Cabinet Office; Robin Mountfield has described it as a "ragbag" and that is what it was. We solved that problem in some significant measure by privatising most of it. There were all sorts of advisory committees on this—there was the Stationery Office and so on but they are no longer in the public sector; I do not know that anything has been put back there. I have a very clear view that the Prime Minister is *primus inter pares*; I do not believe we should have an all-powerful Prime Minister's Office. An effective Prime Minister can do a limited number of things and can make the machine deliver if they know how to achieve results. The interesting thing for me about this country is that it is not managed or run in the way a business is run. There is a vast area of the public sector which is never scrutinised, of which ministers have no knowledge and many civil servants have no knowledge either, because there is no record which tells a minister what is actually happening in his department. On it goes, a great juggernaut, from government to government, from decade to decade, with minimum scrutiny. That is wrong and it could be put right quite easily if we had the right systems and information. The other point that is worth noting is that there is no management training for ministers; most ministers have never run anything and never will run anything, so they arrive on top of a vast bureaucracy, they are surrounded by piles of files, which are basically the current agenda which is created by manifesto, by crisis, by Prime Minister fiat or whatever, by the day-by-day decision-making that the machine needs. All of this stuff comes piling

through and you would be a very effective minister by just coping with that. That has got absolutely nothing to do with actually running the tens of thousands of people for whom you are responsible; there is not a machine that does that. There should be such a machine and there should be such information, but there is not.

Mr Blunkett: Could I just say how much I agree with that latter point. Firstly, we need to ensure that anyone coming into office is equipped as quickly as possible with at least some of the tools to be able to determine what their job is, their relationship as a politician to the administrative function of the Civil Service, and the monitoring function that Lord Heseltine has referred to is really important. I came out of government regretting deeply that I had not set up a monitoring unit attached to the Permanent Secretary and myself, with the view that that would be a very useful role for the centre where we monitored not only what was going on that we were not immediately aware of, but actually whether decisions taken, legislation passed, were actually being implemented. I found when I went into the Home Office that there were regulations under the parent legislation that had not been laid from two years earlier, and we had to do a review of all the things that government had passed in the previous four years that had not yet actually been implemented. It would be quite a useful exercise for that to be done from the centre for government as a whole.

Q230 Lord Shaw of Northstead: Is there not a difference between a chairman and a managing director and in which capacity would the minister be, would he be the chairman or the managing director?

Lord Heseltine: This of course is a very interesting question and centres on the idea that the ministers direct and the officials execute. That was great when a minister could walk into a small room of people with quills and could see exactly what was happening; it is a lot of nonsense when you have got tens of thousands of officials doing a myriad of things for which there is no known ministerial record. I do not believe that allowing the machine to run itself is an effective way of now managing modern government, it is incalculable the effect that government has in every aspect of our lives, for good and bad. I particularly was interested in the effect on industry and commerce; if you look at the sponsorship roles of the various government departments a lot of government departments have got sponsorship roles for critical parts of British industry. They take virtually no interest in the health or opportunities of those industries and it is just one example of how this country drifts along, oblivious of the 20th century.

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Mr Blunkett: I suspect that Lord Heseltine and I—I do not want to put words into his mouth at all—were both more in the mould of the present chairman and chief executive of Marks & Spencer than we were in the more divided role.

Lord Heseltine: Yes.

Q231 Lord Lyell of Markyate: Lord Heseltine, you have answered one of the questions to some extent but my question is really about the changes during your period in a series of very high offices. You have mentioned privatisation and hiving things off to the private sector but what other changes did you bring about when you were in your several roles, particularly Deputy Prime Minister, and to what extent did the Cabinet Office actually co-ordinate things? Did it do so effectively?

Lord Heseltine: The biggest changes I brought about were before I became Deputy Prime Minister—I saw my role as Deputy Prime Minister as literally acting for the Prime Minister. It was his agenda, I did not try to have my own agenda then other than carrying on the competitiveness agenda, but the biggest change that I introduced was the MINIS. The MINIS basically was very simple. First of all I asked for an organogram of every department to which I went so I could see who was answerable to who; secondly, I then discovered in the case of the DOE that there were 57 frontline managers. We gave them the costs of each of their civil servants and we said you will analyse those costs against exactly what they do. Therefore I knew—and I think I was the only person who had ever found out, certainly no one in the department could have known—exactly what every function each of my officials was doing and what it cost. Then one could go through it and you could say, “No, I do not think we want to do that any more” or in some cases say “We are not doing it well enough, we need more resource.” Anyway, the Prime Minister was much taken by that system—this was Mrs Thatcher—but even she was not able to get it adopted across Whitehall and every time I left a department the officials closed the system down and I have to say, with respect to my much admired colleagues, so did they, because it was an extremely boring thing. It was tedious to the degree to go through this infinite detail of money being spent and making decisions about it.

Mr Blunkett: It took me slightly longer than Lord Heseltine to get on to this, it took me four months in the Home Office to realise that nobody knew where the money was being spent.

Lord Heseltine: That is right.

Q232 Chairman: What does MINIS stand for?

Lord Heseltine: Management Information System for Ministers I think it was.

Q233 Lord Rowlands: We are trying to find out how much 1997 has been a watershed in the whole balance of the relationship between Cabinet and Prime Minister and that sort of thing. Lord Heseltine, you held high office, was it *primus inter pares* or did it change in your tenure?

Lord Heseltine: That is basically why I left government in 1986; there was a discussion as to what extent it was *primus inter pares*. I thought I had rights as a Cabinet Minister and those rights were effectively denied me; therefore I went, I believe rightly but sadly. Watersheds—I should be the Vicar of Bray; nothing changes except the titles on the doors. If you have a government department initiative under one government, bitterly opposed usually by the Opposition, the moment they come into power they know perfectly well it is a very sensible thing so they change the name and keep it and claim it as a new initiative. This has gone on since time immemorial and so it always will.

Q234 Lord Rowlands: How far do you think 1997 was a watershed?

Mr Blunkett: I do not think it was; the big mistake of the incoming government was not to learn the lessons of Margaret Thatcher’s era and to be much more rigorous about reform. The present Secretary of the Cabinet is, by stealth, doing a very good job in terms of bringing about change but the resistance to change and the danger of a government coming in and finding that that resistance was either by simple sullen reluctance to act or by obvious resistance in a more overt way was something that the Prime Minister in 1997 was not prepared to countenance given his other major agendas. We all made a mistake by not being much more rigorous and actually reflecting on what had happened and why some of it had not happened, as Lord Heseltine has described, in the 1980s.

Q235 Lord Woolf: I wonder if I could take you back to an experience I was involved in and I know Mr Blunkett was involved in, and I hope he will forgive me mentioning it. You are talking about resistance to change and one of the things that I have been turning over in my mind and we have been looking at is the ability of the Cabinet Office and the civil service to prevent change. What I am thinking about is the attempted abolition of the office of Lord Chancellor. Here was something being done, which was done obviously with a total lack of proper consideration, and nobody had the power to apply the brakes until it was too late.

Mr Blunkett: It was deeply unfortunate in the way that this was handled. I had my differences with the then incumbent, as you and I have had over the years, but great respect for both of you. I thought that what happened over the issue of the Lord Chancellor reflected a real problem which was that the individual

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was known to be extremely powerful and any change in the role and the future perspective of that role would have been deeply resisted—understandably—by the individual, and therefore to bring about change required what in retrospect was brutal and in my view unseemly action. However, I could not see if the Prime Minister was determined to change the role and the structure how he could do it in any other way because had there been a Green or a White Paper or a long discussion the issue would have inevitably focused on the incumbent and not on the structure and the modernisation of the role. Therefore there was a genuine dilemma. I accept entirely that the machinery was incapable of actually stopping it but in one sense political change would never occur at all if the machinery were able to stop something that the Prime Minister and Cabinet were determined to do.

Q236 Lord Lyell of Markyate: Following up on that one I understand about the character differences and tensions, but why did the system not throw up the fact that if you were going to abolish the Lord Chancellor you had to pass acts of Parliament first, and quite complicated acts of Parliament. I simply do not understand why permanent secretaries and others did not come forward and say “Look, you cannot just do it like that”, whereas Lord Falconer finds himself suddenly having to put on a wig at the last minute because nobody has warned him although some weeks have gone by. That seems to be a terrible lack of a co-ordinating function.

Mr Blunkett: With respect you have answered the question. My perspective on it is if I were back where I was then—I did not have any hand actually in this but if I had been consulted I would have suggested that we incorporated it in a much wider reform agenda so that it would not have focused purely on the incumbent and the particular role of the Lord Chancellor. It would have allowed us to take a much broader view of how the Supreme Court would work, how the relationship with the judiciary would be developed, so that this would have been something that was seen in its rightful context. In retrospect it was not of course.

Lord Heseltine: Looking back over a long period and the privilege of senior jobs I cannot remember a single incident when I felt I had been ill-briefed or badly briefed or unbriefed. I would be very surprised, if the papers were available—which of course they are not—dealing with this issue, whether the complications were not somewhere there in front of ministers.

Q237 Chairman: You are saying, David, before I call on Lord Peston, that you were not consulted about the proposal to abolish the function of Lord Chancellor.

Mr Blunkett: No. We knew there were tensions that might have led to a change in the Lord Chancellor and there were tensions about whether there should be a Ministry of Justice—which I am entirely on record as having resisted very strongly while I was Home Secretary—and the split of the department. Therefore the arguments behind the scenes revolved, as far as I was aware, around whether the then incumbent would step down against his will, and what happened in terms of the creation of the new department and the change was partly affected by that known resistance and the *realpolitik* of it. It was unseemly and deeply unfortunate, and many of us were deeply shocked not to be able to recognise the contribution that had been made at the Cabinet before the announcement was made.

Q238 Lord Peston: Could I just take us back to Lord Heseltine’s point about management training for ministers which you introduced at the beginning? To take the Lord Chancellor’s example, was there not any responsibility on the side of the senior ministers to ask the right questions in the first place, of the sort “Are you sure we can do this?” Certainly, I have only had experience as an adviser and the ministers I advised I know had no training either, but the one thing I knew was that if I did not know about something I had better find out and I had better ask the right questions. I am not necessarily defending the officials in this specific case under questioning here, but there is a responsibility on the ministerial side as well, is there not?

Lord Heseltine: Yes. Ministers are overworked and they have to cope with a myriad of different issues. In my experience, if I may repeat what I said, I cannot remember officials not putting the right questions in front of me.

Q239 Lord Lyell of Markyate: I can remember one little hiccup to do with changes to the coalmines and employment law and we had to go round the track again fairly quickly to do some consultation before we could carry out the changes which were eventually carried out. I do not know to what extent the official advice had been made available but there was not time to absorb it, that sort of thing, but that is one of those co-ordinating functions which are bound to happen from time to time. I seem to recall it did happen to us in that case.

Lord Heseltine: I do not remember.

Q240 Lord Rodgers of Quarry Bank: May we look specifically at the role between departments and the Cabinet Office and for that matter the Cabinet Secretary because both of you had nearly a whole four years long-term and both were strong ministers and you ran your own show. My question really is what dealings did you have, each of you, with the

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Cabinet Office except at Cabinet meetings and Cabinet committees, and did you have any personal relationship with the Cabinet Secretary? Given that you were both newish coming into Cabinet at that time; were you conscious of the importance of the Cabinet Office and its functions beyond the strict and longstanding assumptions of what it was meant to do?

Mr Blunkett: In my case the simple answer would be no. Although I have been around a very long time and had been in Opposition for 10 years and in the Shadow Cabinet for a substantial part of that time, I was not as familiar as I should have been with the operation of the Cabinet Office. I came in relatively arrogantly in relation to the machinery of government, believing that the machinery would do what I told it, and had quite a prickly relationship with the then Secretary to the Cabinet, Robin Butler, mainly about the quite rapid changes we wanted to make in what was then the Department of Education and Employment. With the support of the Permanent Secretary of the department in establishing a standard unit and bringing people in from outside, that is something that in retrospect we could have resolved if I had been in a position to have talked to Robin Butler before the general election rather than just to my Permanent Secretary-to-be. What I was clear about was that decisions and the development of policy were going to be something that I wanted to hold within the department because I saw the tendency of both the Prime Minister's Office and the Treasury to interfere in and to want to own the major decisions for all departments. I was absolutely clear that I was not going to have that so even the most tentative and helpful arms stretched out from the Cabinet Office or from the developments within Downing Street, including developments about policy formulation, were in one sense resisted by me just because of what was happening across the piece. There is a book that has been produced about how I resisted the Prime Minister's Office actually getting engaged in the development of policy in the Home Office relating to youth justice. I did, because they did not do it collaboratively, they were developing a policy outwith the department and I had to say "You know, by all means come in and let us do it together but we are not having a situation where I simply get a message from someone else as to what the policy is going to be and we are going to implement it, whether it is from the Treasury or whether it is from the Prime Minister". That was part of the struggle within government and I have said very often on these matters if you are not big enough to stand up for yourself you should not be in Cabinet.

Q241 Lord Peston: Taking us on from this, Lord Heseltine used the expression *primus inter pares* about the Prime Minister but you were putting that

to us as an "ought" statement rather than an "is" statement, namely you felt that is what ought to be the case. All the evidence we have got is that the Prime Minister and the office at Number 10 are much more than *primus inter pares* and that they are interfering increasingly in policy and the delivery of policy. That is since your period but obviously you take an interest in politics and government still. Do you say that you are not convinced, quoting Robin Mountfield, that there is a trend towards a more presidential style of government?

Lord Heseltine: You will remember I said I have not been there for 12 years.

Q242 Lord Peston: No, I heard that.

Lord Heseltine: That was a very important statement because I do not know what is going on now and I have to say, with the greatest possible respect, I would not make my judgments based on what I read in the national newspapers, so I am not much help to you about what has happened since 1997. Certainly one knows enough, because I was in governments under Mr Heath—for example, you could see this tendency of Prime Ministers wanting to have more grip on what was happening, they would get results more quickly in the very few initiatives in which they were deeply preoccupied. I have to say—and I think this is supporting what David said—that when I went to the DOE in 1979 I had already spent two years in that department as a junior minister, I had spent three or four years shadowing the department in Opposition and I knew very clearly what my agenda was going to be. It sounds arrogant, but it is true, I did not go into the department to meet my Permanent Secretary, I took him out to lunch—I took him to the Connaught as a matter of fact; I thought it was rather appropriate. I gave him an envelope, on the back of which was the agenda that I intended to pursue.

Mr Blunkett: Literally the back of the envelope.

Lord Heseltine: Yes, the back of the envelope. When I left the department he gave it back to me.

Mr Blunkett: Were there any ticks on it?

Lord Heseltine: There were ticks all the way down. I have to say that my relationship with Mrs Thatcher as she then was, in that role in the DOE, was I thought first class. Of course, I did not do anything that I thought would cause affront; if I had a problem I would go and see her and say "I think this is a problem; I am thinking of doing this, what do you think?" and so there was all the sensible man management, if you like, that you would do in any subordinate position. By and large I can think of no occasions when I had anything other than support for things we had agreed. There was a relevant experience when I went to the Ministry of Defence—she promoted me to the Ministry of Defence—which supports what I have just said. At that time into Number 10 had gone a Foreign Office civil servant

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and that was part of the process we are talking about. Mrs Thatcher wanted someone from the Ministry of Defence and I was deeply suspicious of this for the very obvious reason that your job is to cope with a department—massive, prestigious, important—and there really could be all sorts of tensions, difficulties, compromises, judgments you have to make, people who are disappointed in what you say, and so the danger of having an official inside Number 10 is that all the tittle-tattle, all the gossip gets fed through behind your back. That is unhealthy, so I said to my Permanent Secretary “If the Prime Minister wants to have someone from this department it is not in my power or in my gift to say no; however, any discussions that take place between this guy who has gone to Number 10 and anyone in my department will take place in the presence of my Private Secretary so that I know exactly what is being said.” I have to say he was back in my department in a relatively short period of time and so no problems arose. That is an example of the sort of things your Lordships are trying to find out about this centralisation.

Mr Blunkett: Just to give the other side of the coin, when policy officials working to the Prime Minister wanted to know things about the department and to come into the department, I took the view that the best form of defence was attack so I used to invite them in to the ministerial meetings, I used to try and incorporate them so that they started to go native my way rather than the other way around. It seemed to work quite effectively.

Q243 Lord Woolf: You have been emphasising this relationship with Number 10 and the Prime Minister but what about the Cabinet Office in this? How did you see, during your time, the Cabinet Office evolving? Here was greater power being sought by powerful Prime Ministers but how was the Cabinet Office responding to that?

Lord Heseltine: David answered that question partially; I did not. I do not think that the Cabinet Office really played much of a role in one’s thinking. They were very effective—things happened, meetings took place, minutes were taken, it all worked, but I do not think I ever had any relationship with anybody.

Q244 Lord Woolf: Does it follow from what you are saying, Lord Heseltine, that you did not see any need for the Cabinet Office?

Lord Heseltine: No, it does not follow. What I just said is that the system worked, the machine worked, things happened, and I assumed this was all coming out of what I saw was the Cabinet Office of Number 10, I did not draw any great distinctions. There was a green baize door as you will know. This is not a criticism, it is an observation that as, I hope, an independent Cabinet Minister I looked to Number 10, to the Prime Minister directly, and not to any sort

of buffer between except of course the ever-present Treasury.

Mr Blunkett: That sums it up.

Q245 Lord Rowlands: All my public lifetime I have heard the shout for joined-up government; are not all these kinds of changes an attempt to join-up government?

Lord Heseltine: Yes, that is what they say. A government is nasty, short and brutish and if you join it up somewhere it will snap somewhere else.

Mr Blunkett: The only joined-up bit that I discovered which a lot of junior ministers and I imagine Cabinet Ministers are not aware of is that on many issues reports put to a Secretary of State on matters which are cross-departmental have actually been pretty well cleared by the civil service through the Cabinet Office between those departments before ministers see them, and therefore there has been a common view agreed before ministers actually have those papers presented. The classic example was the Licence Fee Bill and the issue of closure times and things of that sort on which departments had a particularly different view to those who were actually then in charge of licensing. It was absolutely clear that the department that I was responding to knew perfectly well how I was going to react and what I was going to say because they had seen the internal papers from the Home Office.

Q246 Lord Rowlands: Coming back to Lord Heseltine, you dismissed joined-up government and I understand the point you make, but for something like the Department of the Environment there are issues across departments. Has there not been a feeling over the last 10 or 20 years that you have not got a system that actually brings these things together and achieves this cost-cutting process?

Lord Heseltine: A cost-cutting process is slightly different to the issue of joined-up government. One of the things I failed to achieve when I created the Audit Commission in 1981—I tried to create it in 1979 in my first piece of legislation and the Treasury resisted the idea, which I thought was rather quaint. Anyway, I got it the second year but I failed to get it to apply to Whitehall. The Audit Commission is now well-established, it has had a very substantial effect on improving the performance of local government but it still does not do central government. You have the Committee of Public Accounts but that is a look back, it is not a management tool, and what central government needs is a management tool to check what actually is happening and to make proposals as to how to do it better. That does not happen and the Audit Commission, I believe, should be given a remit over central government. Of course, I do not want to dismiss the idea of joined-up government, there are endless examples of it—you can take the 50-year

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battle to get a Chief of Defence Staff in place. It was 50 years after Mountbatten began the process of trying to bring the Army, Navy and the Air Force under one head and all sorts of ministers of great eminence and talent tried to achieve it. Little by little it began to happen but in the end I finished the process and made the Chief of Defence Staff not the chairman of the board but the number one, because what happened before that is that each of the Armed Forces had their own designated minister—the Navy, Army, Air Force—the Secretary of State was above and there was just endless war between them. What happened in the early 1980s is that we made the military resolve their own internal priorities and then put a recommendation to the Secretary of State. It was blood on the carpet doing it because they all fought for their independent command, but no one has undone it and no one will undo it in my view. Perversely, another example of that where I saw the difficulties but I believed it was right and a risk worth taking, was that when I was at DOE we had regional offices. Education has got regional offices and Agriculture has got regional offices; the Home Office probably has regional offices for all I know, but they never met. They never co-located, they were all in different places, and actually they were just branch offices of the sponsoring department. My colleagues and I agreed that we would actually co-locate the Government Offices and if there were 10 of them in the regions three would be chaired by the Home Office, three by the DTI and three by the DOE or whatever it might be, so this was not a great empire grab by one department. That, I believe, created a very important, co-ordinated, joined-up presence for central government in the regions. As I did it I thought “I know what will happen, somebody will want to put a local committee in charge of this and then somebody will want to have directly elected representatives to it, which will completely destroy what it is meant to be about, central government getting close to where they were meant to be having an impact”. The moment you put in locally elected representatives it becomes a local phenomenon, not a central government one, and of course that was the process that got under way and is, I think, likely to be reversed—the removal of the assemblies and all that.

Mr Blunkett: If I could just be facetious, my references to the licensing law were not intended, for the sound recording, to evoke bottles all being thrown in the bin!

Q247 Lord Lyell of Markyate: With the sound of broken glass, Lord Heseltine was saying—and I agree with him—that in our day in government the co-ordinating role of the Cabinet Office, behind the scenes quietly, seemed to work pretty efficiently. I hope you will not think it is party political and it is certainly not intended to be, but more recently that

does not seem to be working very well. The example I would give is when the question of Damian Green and the leaking by the Home Office official arose. The police were called in but nobody seemed to have told anybody that that kind of leaking, unless it dealt with national security matters—of which there was no evidence—had been decriminalised in 1989. That would have been picked up by the Cabinet Office legal adviser or the telephone calls to the Attorney General’s office and so on and so forth, but it did not happen. Did you notice some sort of breakdown of that kind of help?

Mr Blunkett: I need to declare an interest because I am a member of the Committee investigating the Damian Green affair announced in the Commons late last night, so I have a problem answering the question because I would genuinely like to examine the facts and to be part of finding a solution that avoids us having such a situation arise again.

Q248 Lord Wallace of Tankerness: Lord Heseltine, in one of your responses you referred to Roger Freeman, now Lord Freeman, as a minister for the Cabinet Office and the role which he very effectively played. There have been concerns expressed by some of our witnesses that the role of the Cabinet Office Minister—and I stress the role rather than the personalities—has somehow become less effective over the years. Did either of you in your period in government see any diminution of the role of the Cabinet Office Minister and what is actually the role of the Cabinet Office Minister as you see it?

Lord Heseltine: When Lord Freeman was at the Cabinet Office with me he was a minister of state and, with no disrespect at all, there is no comparison to the clout that a Cabinet Minister has compared with a minister of state. Am I right about this? The doubt is growing—I do not think he was.

Mr Blunkett: Not until he was Transport Minister.

Lord Heseltine: Yes, I think that is right. I do not think that being a Minister in the Cabinet Office was ever seen as a seriously important Cabinet job.

Mr Blunkett: It evoked sometimes the desire to give people an additional role. I remember Jack Cunningham being described as the enforcer, but without the power of enforcement nobody can enforce anything.

Q249 Lord Rowlands: Could we just explore a bit more now the role of special advisers and the impact of their involvement and possibly the constitutional significance of their growth?

Lord Heseltine: I have very clear views about this; I would have the lot out if they are political advisers, out with the whole lot. It has done nothing but undermine something of the probity of public life. There is a new class of gossip and intrigue and scheming going on and it is breeding a Cabinet or a

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government minister manqué. They come in, they have just left university, they are in a private office somewhere, they know everything and then they become Members of Parliament. This is extremely unhealthy; I believe we want far more diverse talent and experience in Parliament, in the House of Commons particularly, which is where ministers are basically going to come in, and a whole range of forces are now making that less likely. That is the first thing. Special advisers are invaluable, but special advisers are people who have an expertise outside. They act very largely in a non-party political way and of the special advisers I had certainly one was not of my party and probably two. Two others probably were—it is just worth mentioning who they were. Peter Levine, who came in to deal with the procurement problems of the Ministry of Defence. He saved huge sums of money and his reputation is very well known, but he was in no way part of any sort of political mafia. The first of them was Tom Barron who came in to deal with housing issues. He was a house builder and a very articulate house builder who was always complaining to me on behalf of the house builders about the inadequacy of government policy. I got so fed up with this I said to him one day, “For God’s sake stop moaning and come and do the job”. He came and he was a great success. I had Tom Burke—I have no knowledge of Tom’s politics but he was a brilliant environmental adviser/consultant, kept on by colleague after colleague in the Conservative Government. I am all for those sorts of special advisers, I am totally opposed to the politicisation of advisers.

Mr Blunkett: Lord Heseltine and I have not disagreed fundamentally on anything this morning, but on this we do. I agree entirely about the specialist advisers; I had them as well bringing in talent from outside, but a small number of political advisers who do not actually give advice but are the eyes, ears and arms of the Secretary of State can be invaluable in protecting the Civil Service, particularly those very close to the ministers, from being politicised. With the special advisers I had—and they were under an absolutely clear remit to avoid some of the worst outcomes that Lord Heseltine has described, and they do exist and they have happened—they had a terrifically good relationship because of knowing what their role was, what their parameters were and that they were not to speak on my behalf without my agreement. They could not order or manage the Civil Service, but they did understand what needed to be reported back to me, the information that I required and the important role given the absolute plethora now of communications because of the development of the internet, seven days a week, 24 hour news, satellite and everything else, which changed the world, not just in terms of correspondence but in terms of dealing with the media and the way in which that

protected the Civil Service from me asking for a unit that would have had to have done a very similar task but would have inevitably drawn them in to my immediate circle. Both the Civil Service at senior level and my private office found them of considerable value and that was in one sense the best example—there are bad examples; we hear about them and we know about them because they are widely reported and they give the whole system a bad name. Somewhere between the American system, which I am not in favour of, which is to block off the top echelons of the service, and the somewhat overbearing role of the Cabinet system in places like France there is a role, but it has to be properly defined.

Q250 Lord Rowlands: How are they made accountable?

Mr Blunkett: They are accountable to the Secretary of State. They cannot be accountable to the Civil Service nor should the Civil Service be in any sense accountable to them. That is where the mistakes arise, where there is a fudge between the two so someone becomes part of the machinery and believes that they can give orders. In fact, I can just give one example. It was necessary in the early days in the Department of Education and Employment for my Permanent Secretary to come to me and say would one of my special advisers ensure that a minister did not put out political material through her press office. I said, “No, I will deal with it myself but I will ask one of my special advisers to actually keep an eye on this so that we actually are very clear that we are not asking the Civil Service to do something which is inappropriate”.

Lord Heseltine: The area where I find the worst example of this is the fact that there are now Labour Party members who are in charge of the press departments of individual departments. I remember, fortunately on very rare occasions, when a Permanent Secretary would come to me and say “Secretary of State, this is a draft of what you want us to say, I think this is more for Conservative Central Office than for the press department” and then everybody knew that Central Office sent it out, it was the Conservative Party view, but if the department sent it out it was approved factually by the department and that is not, in my view, compatible with having a Tory or a Labour nominee in charge of the press operations of a department.

Mr Blunkett: I agree with you, I do not think we should put our political nominees in charge of a division or a unit or a section of the department.

Lord Heseltine: But they are today, that is what happens.

Mr Blunkett: It is disputable as to whether people would accept that.

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Q251 Lord Wallace of Tankerness: Can I just pursue this with Mr Blunkett because you have given an argument as to why special advisers within a department assisting a minister are helpful, but some of the evidence we have received suggests there is a considerable imbalance between the number of special advisers attached to an individual Secretary of State compared to the number which are in Number 10. It has also been suggested that there should be a statutory limit in the overall number. Looking at the shift in the balance of power between Number 10 and the Cabinet, did you ever experience a feeling that Number 10 was overloaded with special advisers?

Mr Blunkett: That is quite a pejorative question. I was fortunate, I had four advisers; most Cabinet Ministers have two, the Treasury set up something called the Council on Economic Affairs which seemed to me to be an interesting development of the concept, and the people I dealt with in Downing Street who were, if you like, the political arm, did not in my view overstep the mark. The difficulty would be where it was not clear who was chief of staff on the political side and who was running the Prime Minister's Office from the Civil Service point of view. That is where the difficulties arise, where there is not a clarity as to who is doing what, on whose behalf and who they report to. It was not the numbers that concerned us, it was whether someone was able to overstep the mark and to assume powers that they did not have.

Q252 Lord Norton of Louth: My question really is a point following up on clarity. Mr Blunkett, you referred earlier to responsibilities now in the Cabinet Office being something of a mishmash and Sir Robin Mountfield told us he now saw the Cabinet Office as something of a dustbin, a repository for special units and other bodies that could not find a natural home in the government. It is really to ask whether the two of you would agree with that and whether you would agree as well with the former Cabinet Secretary we saw who felt that the Cabinet Office was now becoming a bit overloaded with tasks so that it actually limited the clarity of the core tasks.

Lord Heseltine: As I said, when I went there it certainly had become a repository and I commented on what we did about that. This really goes back to my fundamental belief that if there are these odd things they need to be carefully scrutinised to be sure whether they need to be done at all or whether they could not be better done in the private sector.

Mr Blunkett: I do not necessarily follow the outcome of Lord Heseltine's thinking but I do follow the thinking. We have got to be clear what it is we are asking people to do and why we are asking them to do it, whether it could be done in a different way, whether it could be done in some way outside the centre and whether therefore it is necessary. We

overload government in all sorts of ways so we might actually come to a general outcome, not necessarily the immediate concept of privatisation, although I did, it might be interesting to recall, say to one particular unit when I was in the Home Office, "Look, if we cannot get a degree more efficiency, speed and competence out of this we will just abolish the unit and buy it in from outside", but then of course it becomes a consultancy, and none of us want that, do we?

Q253 Lord Norton of Louth: Picking up on the role of the Cabinet Office, the Cabinet Secretary is clearly a key role. How do you see that role having changed during your time in government; how crucial is the role of the Cabinet Secretary?

Lord Heseltine: I really am not in a position to give you much of a view, you would have to talk to the Prime Minister to really understand. My guess is—and I suppose it is an informed guess—it is hugely important. First of all, time and again they will be the last man or the last woman standing when the difficult meetings are over. One has heard of Ted Heath's relationship with William Armstrong—you are tired, you are exhausted, it has been a long day and there is one person left you can talk to with the almost certain knowledge that it will not go anywhere else—certainly it will not go into the maw of party politics and all the tensions that come from that. Then of course the Secretary of the Cabinet chairs the meeting of the permanent secretaries and this is real power—that is something that you would give your eye teeth for.

Mr Blunkett: I do not disagree with that and I think the reforming role of the Secretary of the Cabinet, like Sir Gus O'Donnell, is really important in terms of the efficiency and effectiveness of the Government as a whole. I ought to declare another interest, my Lord Chairman: Lord Norton and I studied at exactly the same time, in the same department with the same tutors, and the fact that we took different political directions is neither here nor there.

Q254 Lord Woolf: Can I ask you at the end of your evidence, do you have improvements that you feel could be made to the current role and functions of the Cabinet Office and the centre of government which you would advocate to us as ones which we should in our report in due course adopt?

Lord Heseltine: I would, as strongly as I could, recommend that you recreate an independent competitiveness unit. If I could give the most glaring example, we have a lot of very good schools and very fine teachers; we have a minority of appalling schools—this is not new, this has been like it all my life and I see very little prospect of a significant change in the present circumstances.

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Q255 Lord Woolf: You see this to be in the centre rather than in individual departments.

Lord Heseltine: I see it in the centre because what you need is creative tension based on results, comparisons and measurement, and government departments are just not effectively scrutinised. You have a repository of expertise—I happen to have chosen the Department of Education—but there is no pressure inside government to say “Look, you have got X thousand failing schools, those are the unemployed or the young criminals of tomorrow and I want, within six weeks, a proposal for dealing with it”. This has gone on for decades and we are still producing them. If you look at the statistics of the unemployed, there is a huge proportion of illiteracy, and if you look at the criminal population in prisons you will find the same relationship. Why not go back to where the problem is, which is the inadequacy of the education system? There is no tension or pressure in government and the problem with what you sent me—and I did the competitiveness agenda—I knew the risks, that the Government would put the truth in front of the public—not the party political advantage of what you want people to believe, the truth. When I did that I hoped it would have the right startling effect, but I also believed the Opposition would exploit it and I have to say that the first person to exploit it was the present Prime Minister, who leapt on the statistic showing we were falling behind in some industrial sector or other and said “Even the Government admits it”. Any sensible Government immediately stops doing it, but that is I am afraid one of the reasons why we have such areas of under-performance.

Mr Blunkett: We need clarity and consistency in terms of what is expected from the Cabinet Office, a clarity which gives a very substantial focus to reform and delivery across the departments as a whole,

across government, and an appreciation of the underlying work so that people actually can get some satisfaction from the job rather than moving through the Cabinet Office (which very often happens) in short order and it is just a staging post to something else. Therefore, developing knowledge and expertise and clarifying, for instance, where the strategy and Delivery Units should lie, where the reform units should lie—and I mentioned earlier the idea of proper monitoring of the effectiveness of government, linked to the changes that Lord Heseltine recommended earlier in terms of the audit function and the monitoring of whether decisions taken are being implemented by whom and who is being held to account. In that way, someone actually heading the Cabinet Office, as opposed to the Cabinet Secretary for the overall role, would actually have a much clearer idea as to what their function would be and the people outside would have a clearer idea as to who they were relating to. At the moment the Cabinet Office has the very disparate but very important areas; I will just name two that are very close to my heart. One is on the third sector, the voluntary and community sector, which matters in my view deeply in terms of revitalising the glue that holds civil society together, and the second is something that is an obsession of mine, which is cyber security, on which we have just had a report. Those two things have absolutely nothing in common other than the fact that we need to sustain our society and protect ourselves.

Q256 Chairman: Lord Heseltine, Mr Blunkett, you have been extremely generous with your time. May I thank you on behalf of the Committee for joining us this morning and for the evidence that you have given. Thank you very much.

Mr Blunkett: Thank you.

WEDNESDAY 14 OCTOBER 2009

Present	Goodlad, L (Chairman) Lyell of Markyate, L Morris of Aberavon, L Norton of Louth, L Pannick, L Peston, L	Rodgers of Quarry Bank, L Rowlands, L Shaw of Northstead, L Wallace of Tankerness, L Woolf, L
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Letter from the Cabinet Office

On 31 March you asked if the Cabinet Office would be able to provide the Committee, in relation to the inquiry on the Cabinet Office and the Centre of Government, with the following:

- (a) any framework documents and other material that might be useful (beyond those hosted on the website), particularly concerning the additional units created since 1997;
- (b) past versions of the Cabinet Office organogram (the current version is at http://www.cabinetoffice.gov.uk/media/120072/co_org_chart.pdf; ideally as far back as 1987; and
- (c) successive descriptions of the Cabinet Office's role and functions that have been produced since 1997, or even earlier if possible.

First, if you are not already aware and for background, you might like sight of a very useful Research Paper produced by the House of Commons Library dated 21 December 2005 entitled: *The Centre of Government—No 10, the Cabinet Office and HM Treasury*. This can be viewed at: <http://www.parliament.uk/commons/lib/research/rp2005/rp05-092.pdf>

Second, in response to your request, with the exception of Cabinet Office Departmental Records since 1998 (the link of which is provided below), I am sending hard copies of the documents referred to in the Annex below. I thought you might also find it useful to have the web links where possible and these are included. Some of these documents are mentioned in the Research Paper noted above.

6 May 2009

(a)

- Modernising Government White Paper and Regulated Documentation (March 1999)
<http://www.archive.cabinetoffice.gov.uk/moderngov/whtpaper/index.htm>
- Wiring it Up—Whitehall's Management of cross Cutting Politics and Services (January 2000)
http://www.cabinetoffice.gov.uk/strategy/work_areas/accountability.aspx
- Guide to the Centre of Government (January 2001)
<http://www.archive.cabinetoffice.gov.uk/roleofcentre/>
- Performance and Innovation Unit Paper—Better Policy Delivery and Design (January 2001)
<http://www.cabinetoffice.gov.uk/media/cabinetoffice./strategy/assets/betterpolicy2.pdf>
- Wiring it Up—A Progress Report to the Prime Minister (2001)
<http://www.archive.cabinetoffice.gov.uk/servicefirst/2001/joinedup/Wiring%201t%20Up%20Progress%20Report%2024%20Aug.doc>
- Government Communications Review Group Final Report (January 2004)
http://www.cabinetoffice.gov.uk/reports/communications_review.aspx
- Civil Service Reform Delivery and Values (February 2004)
http://www.cabinetoffice.gov.uk/reports/delivery_value.aspx
- Excellence and Fairness: Achieving World Class Public Services (June 2008)
http://www.cabinetoffice.gov.uk/strategy/publications/excellence_and_fairness.aspx
- Civil Service Reform (March 2009)
http://www.cabinetoffice.gov.uk/reports/civil_service_reform.aspx

(b) Various Cabinet Office organograms from:

- September 1997;
- January 1998;
- July 1998;
- September 1998;
- Extract from the Government Expenditure Plans 1999–2000 to 2001–02 (March 1999);
- Extract from the Government Expenditure Plans 2000–01 to 2001–02 (April 2000);
- Extract from Departmental Report (May 2003);
- July 2001;
- December 2002;
- Extract from Departmental Report (May 2003);
- April 2004;
- September 2004;
- June 2005;
- November 2005;
- May 2006;
- April 2007;
- June–November 2007;
- February 2008;
- December 2008; and
- January 2009.

(c) I am sending to you hard copies of the Cabinet Office entries from the Government's Expenditure Plans for the period 1987–97.

Cabinet Office Departmental Reports since 1998 can be found on the Cabinet Office website at:

http://www.cabinetoffice.gov.uk/about_the_cabinet_office/reports.aspx

This information should provide the Committee with full and complete details regarding the Cabinet Office's role and functions since 1987.

Memorandum by the Cabinet Office

INTRODUCTION

The Cabinet Office's aim is to make government work better. It has three core functions:

- supporting the Prime Minister;
- supporting the Cabinet; and
- strengthening the Civil Service.

Its departmental strategic objectives (DSOs) agreed as part of the Comprehensive Spending Review settlement are:

- Build an effective UK intelligence community in support of UK national interests; and the capabilities to deal with disruptive challenges to the UK.
- Support the Prime Minister and the Cabinet in domestic, European, overseas and defence policy-making.
- Improve outcomes for the most excluded people in society.
- Enable a thriving third sector.
- Transform public services so that they better meet the individual needs of the citizen and business.
- Build the capacity and capability of the Civil Service to deliver the Government's objectives.
- Promote the highest standards of propriety, integrity and governance in public life.

The Cabinet Office is leading the cross-government effort to deliver one of the 30 Public Service Agreements (PSAs):

- To increase the proportion of socially excluded adults in settled accommodation and employment.

It is a delivery partner for three further PSAs:

- Build more cohesive, empowered communities.
- Reduce the risk to the UK and its interests overseas from international terrorism.
- Reduce the impact of conflict through enhanced UK and international effort.

1. *To what extent have reforms outlined above [ie since 1997] changed the nature and role of the Cabinet Office.*

The Cabinet Office occupies a unique place at the very heart of government, and responsiveness and flexibility have been its central characteristics throughout its history. Its creation in 1916 was an innovation driven by the demands of war and—like other departments at the centre of government—the Cabinet Office continues to respond to new challenges and changes in priorities. The Cabinet Office’s role in respect of supporting the Prime Minister, supporting the Cabinet and strengthening the Civil Service mean that it must respond quickly and flexibly to the decisions Ministers, including the Prime Minister, make about what the priorities are at any given time.

This has meant regular changes to the focus of parts of the department as well as to its structure, alongside strong elements of continuity in areas closely related to its core functions. A number of units have been either created or brought into the Cabinet Office to give a new focus to, or raise the profile of, an area of policy, enhance coordination or improve the delivery of key objectives. Some have since moved to permanent homes in other parts of government or have been established independently; if their existence was no longer needed, they have been wound up, with any continuing functions being transferred to alternative units or locations.

In this way, the Cabinet Office has continued to evolve to meet the changing needs of government—through improving joining up of policy-making, the co-ordination and delivery of change and better outcomes for citizens and developing better leadership, strategy and delivery capability—as well as providing the support to the Prime Minister, Cabinet and Civil Service without which the rest would be ineffective.

2. *The Cabinet Office’s mission statement is to “make government work better”. What has been the impact of the reforms in realising this aim?*

Throughout the period under review by the Committee, and in particular since the publication of *Modernising Government* in 1999, the Cabinet Office has taken active steps to drive improvements in central government departments and the wider public sector. Throughout this period, the Cabinet Office has sought to balance central direction and oversight with the development and ownership of improvement by departments themselves.

One of the more recent, and most prominent, developments has been the launch by the Cabinet Secretary in 2005 of the Capability Review programme. This has led to a step change in the way departments are held to account for their ability to lead, set strategy and deliver on their objectives. The programme has reviewed 19 major government departments, covering over 90% of the Civil Service. Departments are assessed by external, very senior reviewers drawn from the public, private and third sectors, against a model of leadership, strategy and delivery.

All reviewed departments are required to agree an action plan to address weaknesses identified by capability reviews, and they are held to account for progress against their plan through regular Cabinet Secretary “stocktakes” and, after two years, a full re-assessment against the capability model.

The Cabinet Office has so far fully re-assessed 11 departments, with a further five re-assessments to be completed by the end of 2009. All departments have demonstrated evidence of improvement, with particularly impressive results at the Home Office, which improved in seven of the 10 categories. An independent review of the Capability Review programme by the National Audit Office in 2009 confirmed that the programme had improved capability in Whitehall departments.

The Cabinet Office’s own capability reassessment, published in December 2008, showed that, although some areas required further work, the department had improved in a number of areas since its first review in 2006: improvements were achieved in five of the 10 categories, indicating a strengthening of capability at the centre of government.

In addition to running the Capability Review programme, the Civil Service Capability Group at the Cabinet Office has broader responsibility for helping to make the civil service work better. The Civil Service Capability Group’s activity includes:

- Leadership development and talent management, including the establishment of the Top 200 community of the most senior Civil Servants (those at Permanent Secretary and Director General level).
- Working with departmental and agency HR directors to develop the capability and performance of the HR professionals and the HR function within the Civil Service.
- Undertaking capability-building projects with departments, aimed at building on specific examples of good practice and spreading them more widely across the Civil Service including recent work with DIUS to develop and embed evidence-based policy-making approaches.
- Responsibility for Civil Service governance boards, the Permanent Secretaries Management Group (PSMG) and Civil Service Steering Board (CSSB).

Again the evidence from Capability Reviews suggests that significant progress has been made in these areas, particularly in leadership by Permanent Secretaries and departmental management boards. Among the 11 departments re-assessed so far, there has been an overall increase of eight points in the ratings for “Set Direction” and 10 points in the ratings for “Take responsibility for leadership and change”. Capability Reviews also show that there is some way to go before Whitehall departments are fully capable at managing and developing their own people, although in this area some improvement has also been evident during the course of the Capability Review programme—among those departments reassessed so far, there has been an overall increase of six points in the “Build Capability” category.

One indication of the impact of recent reforms at the Cabinet Office is the extent to which the approaches and structures adopted by the Cabinet Office have been replicated in departments, thereby enhancing their own capability. The Prime Minister’s Strategy Unit for example, has raised awareness within departments of the importance of, and tools and techniques for, strategic thinking and strategy development. A number of departments have subsequently created their own central Strategy Units, including the Department for Environment, Food and Rural Affairs, the Home Office and the Department of Health. Capability Reviews examine departments’ capabilities in strategy development, the clarity of their strategic objectives and their abilities to base strategic choices on evidence. Analysis across Whitehall shows that these are areas of relative strength, suggesting that efforts to build strategy capability in recent years have been successful.

Similar effects can be traced from the launch of the Prime Minister’s Delivery Unit. That unit succeeded in helping departments to address some of the most difficult public service delivery challenges they faced, resulting in tangible improvements in key areas including health, education, home affairs and transport. As with the Prime Minister’s Strategy Unit, departments have increasingly deployed their internal resources using approaches developed by Prime Minister’s Delivery Unit, providing them with greater flexibility and capability to address their most challenging policy and delivery issues.

We believe this has been the right approach—for the Cabinet Office to establish capability at the centre, and over time to transfer responsibility and capability to departments to fulfil the functions, initially established at the centre, for themselves. The same is true of Capability Reviews: while a central assessment capability will always be needed, the Cabinet Office aims to ensure that departments are themselves taking ownership for their own continuous improvement. Mechanisms to help them achieve this include the increasingly effective use of non-executive board members who are able to bring expertise and challenge from other sectors; and the improving quality of management information at the disposal of departmental management boards.

3. To what extent have the reforms improved the three core functions of the Cabinet Office to “support the Prime Minister, support the Cabinet and strengthen the Civil Service”?

The Cabinet Secretariat was formed in December 1916 to record the proceedings of the Cabinet; to transmit the decisions to 11 departments concerned in giving effect to them or otherwise interested; to prepare agenda papers, arrange for the attendance of Ministers and other persons concerned, and procure and circulate documents required for discussion; and to attend to correspondence connected with the work of the Cabinet. Until this point no formal record had been made of the proceedings of Cabinet. Primarily this role related to the Cabinet itself but was extended to cover Cabinet committees as they were established.

As now, the members of the Secretariat were the servants of Cabinet and its committees as whole, but particularly of the Chairs, that is to say the Prime Minister in the case of Cabinet itself, who they advised on any questions that may arise.

Although the role of the Secretariat has changed over the years, the core functions remain similar. The 1944 memorandum described them as follows:

- (1) normal secretarial duties for the Cabinet and its Committees;
- (2) preparation of material and collation of information on matters affecting several departments; and

(3) duties involving correspondence.

These three roles continue, but their work has broadened to include advising the Prime Minister on current issues, providing advice to the Prime Minister on the structure of government (“machinery of government changes”) and co-ordinating ad hoc policy issues where Departmental responsibility is not clear or appropriate.

The division of the Cabinet Secretariat into smaller management groups is also long-standing. The domestic and foreign policy components of the (previously single) secretariat were split in 1962 also divided were the European issues (established in 1973), and intelligence. More recently, given the challenges facing the country, new units were formed to focus on national security and (in September 2008) to support the National Economic Council.

It is important that different units operate cohesively; all parts of the Secretariat are all responsible to the Cabinet Secretary, and the Prime Minister. Mechanisms to encourage this depend on current circumstances and priorities. In June 2007, steps were taken to emphasise the link between the Secretariats and the Prime Minister’s Office, and the domestic Secretariat was brought into the same management group as other units, for example the Strategy Unit and the Office of the Third Sector, whose work dealt predominantly with domestic policy. From April 2009, the domestic Secretariat has been merged with the NEC Secretariat, while the Strategy Unit and the Office of the Third Sector have been brought into a new group focussing on public service reform.

In respect of Government Communications, following the Phillis review into Government Communications, in 2005 the Cabinet Office recruited a new Permanent Secretary for Government Communication to take on the role of head of profession for all government communicators and to build the capabilities of communicators in every government department.

The Government Communication Network (GCN) was established in January 2005, following the disbandment of the Government Information Communication Service (GICS) and a new structure and process was put in place to develop a virtual network of communicators working throughout government and its agencies.

The network is supported by a small team who provide its members with a best practice framework for communicators called Engage; a programme of events; courses; support to professional and regional network groups; advice and guidance on best practice; propriety; professional development and recruitment.

The structures that underpin the recruitment and skills development of communication staff in government have been completely overhauled and enhanced. The GCN People Strategy focuses on a range of activities designed to promote professionalism within the communication community. For example, an online personal self assessment tool, Evolve, has been launched to identify skills needs.

New developments in government communications include the recruitment of a Director of Digital Engagement, who will work across government departments to encourage, support and challenge them in moving from communicating to citizens on the web to conversing and collaborating with them through digital technology.

The Cabinet Office is also leading the government effort to incorporate behavioural theory into policy and delivery, a radical new approach to policy development so that it goes with, rather against the grain of human behaviour.

4. *What has been the impact of the institutional and capacity building of the Cabinet Office, in terms of its relationship to Number 10, the Treasury and other Whitehall departments? Are there clear examples of how the reforms have led to better policy-making?*

This issue was reported on extensively by the Cabinet Office Capability Review published in December 2008. This concluded that “There has been a noticeable improvement in relationships and co-ordination of activity in the centre of government and a high standard of evidence based work is being achieved in support of the Prime Minister, Cabinet and Government” while noting that there was more to do to focus on outcomes rather than processes. In support of this conclusion the Capability Review noted:

- an improvement in relationships within the centre of Government between Cabinet Office, Number 10 and the Treasury and with other central government Departments; and
- collaborative working across the Civil Service resulting the in the delivery of key pieces of strategic work.

There are a number of examples of recent work in the Cabinet Office leading to better policy making, going beyond those quoted by the capability review report—*Security in a Global Hub* (published November 2007), the *Crime and Communities Review* (June 2008) and *Food Matters* (July 2008). Common to all these examples has been Cabinet Office using its position to bring together the work of a variety of different departments to achieve common objectives. Specific examples include:

- (a) The work of the Strategy Unit—who have built cross-government working into their operating model including: co-locating some Strategy Unit staff and teams in departments; developing policy tools and frameworks for departments to use; running a regular seminar programme to debate significant policy issues and share best practice; and using secondments and loans of Strategy Unit staff to departments. A clear example of the approach in practice is provided by Strategy Unit’s work on social mobility which successfully brought together the work of 11 government departments to publish both the Social Mobility discussion paper in Autumn 2008 and the New Opportunities White Paper in early 2009. This included key policy developments in areas such as:
 - early years, for example extending free childcare for disadvantaged two year olds;
 - world class schools, for example new £10k bonuses to get and keep the most effective teachers in the schools that need them the most;
 - transition to work including creating 35,000 new apprenticeship places so that all qualified young people will have a right to an apprenticeship by 2013; and
 - supporting families and communities including £500 back to work training entitlement for parents and carers.
- (b) In Information Technology a key development has been the appointment of a Government Chief Information Officer through open competition and the formation of a cross-government CIO Council comprising the Chief Information Officers of the major departments and with representation from local government and the police. This has led to new cross-government policies and initiatives developed through collaboration among the professional heads of IT across government lead and focused by the Cabinet Office. These have included:
 - a cross-government programme to develop the professional skills and capabilities of all people working in IT in the public sector and ensuring their effective deployment across the public sector;
 - the development of the “Greening Government ICT” Strategy. The work of the CIO Council led by a small unit in the Cabinet Office has resulted in the UK government being only the third government in the world to set a green ICT strategy, and the first to mandate specifications; and
 - the Shared Service Team in the Cabinet Office have taken the lead role in promoting shared service solutions to save resource in “back office” functions such as HR and Finance.
- (c) The Social Enterprise Action Research (SEAR) programme run by the Office of the Third Sector which enables a range of government departments to undertake projects which develop their understanding of how social enterprise can help meet their strategic objectives. It is intended that evidence from these projects will be used to support strategic departmental decision-making on policy programmes in the medium term (2011–14), encouraging a wider use of social enterprise solutions to policy problems. The SEAR programme is popular with departments and the sector. Four projects are currently underway:
 - The Department of Health is piloting Social Return on Investment (SROI) assessments with six social enterprises delivering primary care.
 - The Department for Communities and Local Government is following 10 organisations seeking to undertake a community share or bond issue—a mechanism which allows communities to club together to buy all or part of a social enterprise.
 - The National Offender Management Service is starting with a mapping exercise of social enterprises within the criminal justice sector. It will then scope what models of social enterprise work best within custodial and community settings, seeking to replicate and/or expand successful projects.
 - The Department for Business, Enterprise and Regulatory Reform is examining different ways in which Community Development Finance Institutions can move towards sustainability.

5. *To what extent has the marked increase in central capacity based on a programme of creating more units round the Cabinet Office and Number 10 exacerbated the complexity at the heart of central government?*

There has been no programme to create more units around the Cabinet Office and Number 10. The size of the Cabinet Office has been reducing over the last few years, and now has 1,500 fewer employees than it did in 1997. Nevertheless, the potential for confusion between different parts of the centre of government remains. A number of steps have been taken to address this risk, including:

- clarifying the Cabinet Office’s role and purpose in supporting the Prime Minister, supporting the Cabinet and strengthening the Civil Service;
- improving relationships with the departments’ partners by, for example, developing and adopting a “Compact” governing the relationship between the Cabinet Office, the Treasury and departments;
- carrying out special projects to address potential overlap and confusion. For example, the “Role of the Centre” programme is overhauling the way in which departmental performance is assessed and creating a single, unified system for central evaluation of performance against finance, delivery and capability objectives and a coherent framework through which the centre supports and drives improvements in the delivery of the Government’s priorities; and
- improving internal coherence and ways of working within and outside the Cabinet Office by, for example, establishing “matrix teams” made up of staff working in different areas of the Cabinet Office and the Treasury to share information, identify and wherever possible resolve differences of perspectives and plan more strategic interaction with partners.

There is evidence to show that the Cabinet Office and the rest of the centre of government are becoming more effective. The report of the second review of Cabinet Office capability flagged up areas where work continued to be needed, but recognised a noticeable improvement in relationships and coordination of activity at the centre of government and a notably high standard of evidence based work in support of the Prime Minister, Cabinet and government since 2006.

A similar picture emerged from the Cabinet Office’s survey of its main stakeholders. While there were suggestions of areas for further improvement, overall feedback was broadly favourable and there was widespread recognition that the Cabinet Office has identified the right priorities for it to address and is making progress on them. There was strong praise for the department’s performance in respect of supporting Cabinet and its committees. The Cabinet Office and HM Treasury will be conducting joint surveys on their stakeholders in future.

6. *What impact have the changes had on other Government departments? How effective have the reforms been at improving communication and co-ordination with organisations beyond Whitehall’s core and so improving policy delivery?*

In recent years, central initiatives have sought to develop departments’ abilities to understand the landscape of organisations with which they must work to achieve policy objectives, and to improve their abilities to understand, and facilitate the effective operation of, whole delivery chains. Communication across organisational boundaries, both within and beyond Whitehall, is becoming even more important in an era of cross-cutting PSAs and major policy challenges, such as an ageing population, childhood obesity and climate change, which cut across the responsibilities of any one department or agency.

Capability Reviews assess departments’ abilities to engage with stakeholders; to involve them effectively in the strategy and policy-making process from an early stage; and to work across organisational boundaries to build common purpose in strategic objectives. Future rounds of Capability Reviews will place even greater emphasis on these aspects of capability. The Cabinet Office is currently working on the next iteration of the Capability Review model to ensure that collaboration, innovation and learning from delivery bodies are tested more explicitly. Already, there are signs that the reviews have prompted central departments to align more closely with their delivery partners; the Department for Business, Enterprise and Regulatory Reform for example, has taken steps to bring together the various agencies in the “BERR Family” to share good practice, address common issues and learn from the expertise held in each of the individual organisations.

The Prime Minister’s Delivery Unit’s work with high-priority delivery departments, including the Department of Health, Home Office and Department for Transport, has also helped those departments to understand better their delivery systems and the points in the system at which action to improve delivery should be targeted. Whitehall departments are now more familiar with the language of delivery, and adept at analysing their delivery systems to address weaknesses. The Prime Minister’s Delivery Unit has also been able to assist departments in planning for the delivery of cross-cutting PSAs under CSR07—a set of strategic objectives which require departments to work more closely together than ever before to tackle cross-cutting policy

challenges. PSA Boards are now in place, for example, to co-ordinate action between departments towards PSA targets.

The recent successful G20 summit was a good example of the ability of the Cabinet Office to bring Whitehall departments, and other nations, together to achieve a common goal. The National Economic Council, created in 2008 to address cross-cutting issues created by the economic downturn, is another example of central co-ordination bringing together diverse interests from across and beyond Whitehall successfully to achieve common objectives.

7. *Which set of actors/individuals—between those of ministers and civil servants—had a greater impact on shaping the reform process at the centre of government?*

A recent Cabinet Office publication *Civil Service Reform: working paper* provides a brief overview of the importance and nature of Civil Service reform and sets out:

- some of the major interventions over the past 10 years;
- what we know about the drivers and rationale for further Civil Service reform; and
- how best to implement change and reform.

The paper is available on the Cabinet Office website at: http://www.cabinetoffice.gov.uk/media/124376/civilservice_reform_paper.pdf

9 June 2009

Examination of Witness

Witness: RT HON TESSA JOWELL, a Member of the House of Commons, Minister for the Cabinet Office, the Olympics, London and Paymaster General, examined.

Q257 Chairman: Minister, good morning, and a very warm welcome on behalf of the Committee; thank you very much indeed for being with us. We are being televised so before inviting you, if you would like, to make a brief opening statement, can I ask you to formally identify yourself for the record?

Tessa Jowell: My Lord Chairman, thank you very much indeed. I am Tessa Jowell, I am the Minister for the Cabinet Office, the Paymaster General and Minister for the Olympics.

Q258 Chairman: Do you want to say a few words?

Tessa Jowell: If I may perhaps, in response to your very kind invitation, just set the scene. The first point I wanted to make, having read a lot of the evidence of the sessions that you have already had, is how valuable an inquiry I see this as being and I look forward to your report and looking at the recommendations that you make, and I would also like to commend the constructiveness of your approach. I would like to just frame the following points that perhaps we could explore further. The first, the “centre” as we describe the collective functions of the Cabinet Office, Number 10 and the Treasury, is and must be flexible and responsive to the demands of the day. We will no doubt explore this more fully but this has always been a changing relationship and I am quite sure will continue to be so. The second point is that there is no single template or blueprint for the way in which government should be run and again, perhaps, this is something that we can explore further, but it is the heady mix of manifesto commitment, constitutional responsibility

and clear departmental brief driven by a professional and impartial civil service, but it will always be coloured by the personalities of the day. That is why any single prescription is never likely to sustain much scrutiny or survive outside the laboratory of this kind of inquiry. I would point to ways in which the Cabinet Office and the Centre have adapted to some of the more contemporary changes. For instance, in the downturn, co-ordinating the work of the G20, establishing the National Economic Council, but there are also other examples—the establishment of e-government, better regulation, the Contest strategy which then obviously went out to the Home Office, initiatives which were incubated, if you like, in the Cabinet Office and then mainstreamed within the relevant department of government. Bringing together, as we do, the policy co-ordination function and the civil service HR function we are, I hope, doing everything we can to ensure that the bedrock of delivery, propriety and transparency right across government—the professional modern civil service—has the skills and flexibilities to deliver high quality policy in what is a very rapidly changing world.

Q259 Chairman: Thank you very much indeed, Minister. Can I begin by asking you if there are any major constitutional issues relating to the Cabinet Office and the centre of government which you think it would be helpful for the Committee to focus on in our report to the House?

Tessa Jowell: I thought about this quite a bit when preparing for this session and actually the best way to define the constitutional basis is in the context of the

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obligation of impartiality, professionalism and the other values of the civil service, enshrined in the Civil Service Code, that will shortly be put on a statutory footing. That is a very important thing. Maintaining impartiality and professionalism perhaps represents the constitutional bedrock together with, obviously, overseeing the propriety in the discharge of government functions, the conduct of ministers and so forth. That would be my short answer to your question.

Chairman: Thank you very much. Lord Shaw.

Q260 Lord Shaw of Northstead: Minister, in your submission you state that the three core functions of the Cabinet Office are: Supporting the Prime Minister; Supporting the Cabinet; and Strengthening the Civil Service. Can the proper balance of support for each of these be achieved if they remain under one roof?

Tessa Jowell: The answer is yes, and I say yes because the Cabinet Office obviously has a very close working relationship with Number 10 and I have been interested to read the arguments that have developed in the Committee about the competing arguments in support of a Prime Minister's Department as opposed to a Cabinet Office. In the real world of policy administration there is a very clear distinction—sometimes creating tension—between the role of Number 10 which provides the most immediate support to the Prime Minister, and then the broader support function that the Cabinet Office provides. It is also important to stress the support that the Cabinet Office provides in servicing the range of 46 Cabinet committees, which are very much the engine of so much government policy development and policy recommendation, which is then taken to Cabinet.

Q261 Lord Morris of Aberavon: Minister, forgive me, there have been periods in my life when there has been no minister in the Cabinet Office. I do not know how many ministers you have but could you persuade me that any role that you perform could not be performed by the Cabinet Secretary? Does not your very existence diminish that role?

Tessa Jowell: Not in any sense at all and my role as Minister for the Cabinet Office is unusual in that I also have a number of other functions, perhaps most notably as Paymaster General but also as Minister for the Olympics, a major national project which relies entirely on close co-operation, working relationships and delivery across a range of other departments. In relation specifically to the Cabinet Office I have at the moment a team comprising one other minister, which may be increased shortly to two junior ministers, and if you looked at our specific ministerial responsibilities—today I am publishing a parliamentary answer setting out ministerial

responsibility—you would see that the areas of responsibility I carry and my junior ministers carry are quite distinct from the overall co-ordination function, development of the Civil Service in an organisational way, that the Cabinet Secretary himself is responsible for.

Q262 Lord Rowlands: I would like to clarify the role of the Prime Minister's Office and the Cabinet Office in one respect. Reading your submission, heavy on capability and reviews, the role it plays to bring efficiency to departments et cetera et cetera, and yet now we have also got the separate Prime Minister's Delivery Unit. Why do you have a Delivery Unit in the Prime Minister's Office when it seems that the burden of your submission is that the Cabinet Office is driving this efficiency, driving a better delivery programme et cetera? Why do you need a separate unit for the Prime Minister's Office?

Tessa Jowell: The Delivery Unit is now actually in the Treasury because its focus is very specifically on measuring the impact of public service reform. Public service reform at the last reshuffle was aligned with public expenditure.

Q263 Lord Rowlands: It is no longer the Prime Minister's Delivery Unit?

Tessa Jowell: It is still called the Prime Minister's Delivery Unit but it is physically located in the Treasury.

Q264 Lord Rowlands: But who does it answer to, the Chancellor or the Prime Minister?

Tessa Jowell: Ultimately we all answer to the Prime Minister, but to the Chief Secretary and then to the Chancellor.

Q265 Lord Pannick: My question is whether the Cabinet Office has too much on its plate, whether you can at one and the same time meet the desire of the Prime Minister for a stronger centre and yet also be the department that is responsible for the whole of the civil service?

Tessa Jowell: You can take a snapshot of the responsibilities that the Cabinet Office carries as of now, but they would not necessarily be the same responsibilities in six months' time or a year's time because, as I set out briefly in my opening statement, there are areas where the Cabinet Office will intervene and incubate and then the specific policies and the units to support their development and delivery will be repatriated to the relevant department. I think that is a very good and creative role, and certainly if you had stasis at the centre where the Cabinet Office was constantly initiating new areas of policy and responsibility you would have confusion with departments, you would have tension with departments and you would have, as you suggest,

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overload. There is a pretty high level of vigilance about the Cabinet Office workload and the relevance of functions at any time being held at the centre rather than being sent out to departments.

Q266 Lord Pannick: Do ministers resent the supervision that you exercise?

Tessa Jowell: I do not think that my role is a supervisory one. I certainly have to some degree a co-ordination role, ensuring that where you have policies that rely on multilateral relationships between departments for their delivery, that those policies are given the necessary support and brokerage where necessary in order that they be delivered. I have been a minister for 12½ years and if one looks back what is interesting is the way in which the role of the centre has adapted and changed. It has had different personalities organisationally at different times and that is a matter of fact: it will change, it is never static. It is shaped by this constant interaction of the constitutional basis which I have outlined, the functional responsibilities of keeping the whole show on the road, the personalities at any time and the precedence of particular policies. To some extent it holds a mirror to the priorities of government at any time.

Q267 Lord Rodgers of Quarry Bank: If I may pursue that matter, it has been described that there is a “dustbin” function within the Cabinet Office, at another time as a “ragbag” and at another as a “bran tub”. If indeed you have seven permanent secretaries, where are they and how do you fit them in? I would like to know just as a factual point, if I may ask you, how many civil servants there are within the Cabinet Office and where is it? Is it now distributed around Whitehall or where is it—that is a factual question which I do not ask you to answer immediately. I see that in the foreword to the annual report of the Cabinet Office you refer amongst others things to the role of the Cabinet Office in dealing with “families hit hardest”. Is this not a good example of being involved in important detail when it should be dealing with the big strategic issues and does it not diminish the role of departments when these questions of detail are somewhere around Downing Street? Is everything now pushing away from departments to the Cabinet Office to deal with detailed matters as you say in your foreword to this report?

Tessa Jowell: Thank you; let me answer your various questions. The first is on numbers: there are about 1400 civil servants employed both in Number 10 and the Cabinet Office; a little under 200 in Number 10 and about 1200 in the Cabinet Office.

Q268 Lord Rodgers of Quarry Bank: Are they officials working for the Cabinet Office and out of the Cabinet Office, or are they present at the usual place,

the numbers you have given? Are they in outposts of one kind or another?

Tessa Jowell: Some will be working in locations outside, at either 22 or 70 Whitehall, but that remains the centre of the Cabinet Office with the link door to Number 10. There are six senior officials of permanent secretary rank within the Cabinet Office and, taking the point which I know was made in evidence about the Cabinet Office doing too much—the dustbin function or the bran tub analogy—I simply do not recognise that and given that, from memory, these were observations by highly respected commentators I would just say that the role of the centre, the dynamic of the relationship between the centre of government and other departments and Number 10 versus Number 11, this is the stuff of endless and engaging commentary but it does not always bear a direct relationship. This kind of laboratory view of government does not actually properly reflect the day-to-day work. My answer to the bran tub or the dustbin would be the point that I hope I made earlier, that this is dynamic, and it is certainly the case that sometimes functions which do not have a logical home elsewhere may reside for a period of time in the Cabinet Office. Where there is a particular urgency in getting a policy going, like the Contest strategy, which involved very high-level negotiation and co-ordination across key departments—the intelligence services and so forth—it started in the Cabinet Office and then it was moved out to the Home Office. Your very particular reference to hard-hit families is part of the co-ordination and delivery function across government that the Cabinet Office has for the Building Britain’s Future programme, which includes the very large number of very specific sources of advice and help to families up and down the country. The Cabinet Office is not usurping the delivery function of Work and Pensions, the Department of Health, the Department for Children, Schools and Families, it is co-ordinating the communication because with these new programmes public take-up relies very heavily on public understanding of their purpose. The function to which you refer is one specifically of communication and co-ordination.

Q269 Lord Rowlands: I was very struck in paragraph 5 of your submission where you drew to our attention that there are 1500 fewer employees in the Cabinet Office than there were in 1997. Where have they gone, or has the Prime Minister’s Department grown as a counter to it or what? What has happened?

Tessa Jowell: I can certainly supply the Committee with the figures for the whole Prime Minister’s Department going back to 1997. The most recent figures indicate a reduction, but remember that there has been a major efficiency programme that has been

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operating across government, across all departments, since the last Comprehensive Spending Review, so the loss of civil servants will be accounted for in part by that, in part by relocation of functions. I am very happy to supply some further information on that.

Q270 Lord Rowlands: You make the point in your submission as you have made today about the dynamic nature of it, that some have moved out, some have been made independent and some have been wound up. I wonder if you could provide us with a list of those that have gone out of the Cabinet Office, moved on or what has happened?

Tessa Jowell: Yes, we can certainly do that.

Q271 Lord Wallace of Tankerness: In contrast to Lord Rodgers' reference to a dustbin you have described the Cabinet Office as an incubator. I just wondered, is that something you have seen as an historic function of the Cabinet Office, what examples can you give of what has been incubated and mainstreamed and what are you incubating at the moment?

Tessa Jowell: A good example of the Cabinet Office as an incubator is the work that has been done on social exclusion, which you will understand was a very high priority for the Government when we were elected in 1997. The then Prime Minister established, under his direct control, the Social Exclusion Unit, and what has happened over the last 12 years is that initially the Social Exclusion Unit produced reports on the particularly intractable aspects of social policy and then the relevant departments were charged with implementing the recommendations. A lot of that work has been mainstreamed in departments and a lot of it has developed a further identity—if one takes the preoccupation with antisocial behaviour, the establishment of the Respect Taskforce—and so that is an example of a major area of government policy which has been, in very particular respects, very successful and which has seen a dynamic move from Number 10, with very intense levels of prime ministerial involvement, very clear mandates for departments to achieve change. Now the Social Exclusion Taskforce which is in the Cabinet Office has identified three specific groups of people who represent numerically about 55,000: young people leaving care, people with learning disabilities seeking employment and people with long-term mental health difficulties. These are people whose problems in living normal life can be enormous and so the focus has moved from street homelessness, teenage pregnancy, the geographic distribution of worklessness to this very sharp focus. That is an example of this dynamic process that I was trying to set out for you earlier.

Q272 Lord Wallace of Tankerness: That is very helpful. Let me just clarify my own mind: when the Social Exclusion Unit was established under the personal guidance and direction of the Prime Minister was it located in Number 10 or was it under the aegis of the Cabinet Office?

Tessa Jowell: I am doing this from memory but I think it was physically located in the Cabinet Office. The important thing was that it enjoyed very strong patronage from the Prime Minister. The other examples of units which have started in the Cabinet Office and moved out would be, as I have mentioned, the Delivery Unit now in the Treasury—and perhaps it is now called the Delivery Unit rather than the Prime Minister's Delivery Unit—the Better Regulation Unit which is now in BIS and the Office of the e-Envoy and e-commerce.

Q273 Lord Woolf: Not surprisingly you have identified your views about the strength of the Cabinet Office. With your experience of its workings are there aspects which you regard as weaknesses which need to be addressed?

Tessa Jowell: I would define it as a fact of life rather than a weakness. If you have responsibility for co-ordination, for brokering on occasion agreements between departments through the Cabinet committee structure or outside that, then if you bring no money but you bring the authority of the Cabinet Office, a successful result relies on the power of persuasion, the support of the Prime Minister, and so it is an informal rather than a formal relationship. That is a fact of life in any negotiation in government. I also think that one of the changes that has been achieved over the last 12 years is much more inter-departmental working, so whereas back in 1997 essentially the way in which thematic policy was implemented was driven on the initiative of Number 10 or the Cabinet Office, departments now are much more used to working bilaterally in order to achieve policy objectives.

Q274 Lord Woolf: One of the areas which could possibly be said to be a weakness and has been identified in the evidence which you will have read and observed, is that the Cabinet Office has sometimes allowed new policies and initiatives to be announced without any recognition of the implications of those initiatives and the difficulty of implementing them. I have got in mind in particular here the constitutional changes that have been announced in a rather half-baked way.

Tessa Jowell: The particular issue to which you refer was one where the policy was right and the outcome was right but everybody recognises that there were some mistakes made in the process of implementation. You are going to have to rely on diaries over the next 10 or 15 years to understand

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fully how the situation arose, but if I understand you, Lord Woolf, a policy which altered the role of the Lord Chancellor and disaggregated the three functions was one which reflected the need for change. Any error was in implementation.

Q275 Lord Woolf: What I was interested in is whether it is one of the tasks of the Cabinet Office to see that a change of that nature is not implemented or set out without the problems being identified?

Tessa Jowell: I do not think that that is the responsibility of the Cabinet Office.

Q276 Lord Woolf: Whose responsibility is it then?

Tessa Jowell: I was not party to those discussions but that would have been discussed at a Cabinet committee, in bilateral discussion with the Prime Minister, but this is where the Cabinet committee structure is so important. Yes, you are right that the Cabinet Office services the Cabinet committee but the decision that you have used as an illustration of your point was a highly political decision, taken for very good constitutional reasons. One has to have realistic expectations of what the Cabinet Office can achieve by way of a timely intervention to prevent mistakes happening. It certainly does happen and the occasions where it works successfully are largely undocumented because the problem was averted. There was a problem in relation to this but it was a problem that was recovered, and the policy that we now have or the effect of the policy is undoubtedly the right one.

Q277 Lord Lyell of Markyate: Coming, Minister, if we may, to the interaction of key players in the centre—and you made the point about the importance of being flexible and responsive, and the word joined-up comes to mind—yesterday Sir Ian Johnston reported on the Damian Green affair. Did you have any part in this? How could it happen that the Cabinet Office did not warn that that whole area of immigration had been removed from the criminal law as far as matters of leaks and that sort of thing were concerned? How could it happen that no warning was given to the Home Secretary or indeed that the Home Secretary, who must also be in the centre, did not realise that it was utterly inappropriate for the anti-terrorist police to go in and start making arrests and raids on Parliament?

Tessa Jowell: I was not Cabinet Office Minister at the time but I know that there was no ministerial involvement in the decisions taken to take action in anticipation of a potential breach of the Official Secrets Act. I really have nothing to add to the report that has been published but it will be very important that lessons are learnt from that. You will know very well about the importance of ministers being kept out of decisions where any subsequent charge of political

bias or political interference could have a material bearing on any subsequent inquiry. I was not in the Cabinet Office at the time, I have obviously been briefed on what happened at the time, I know that my predecessor Liam Byrne, now Chief Secretary, was not involved and I do know that the decision was taken because of what was considered to be a breach of the Official Secrets Act.

Q278 Lord Lyell of Markyate: This is what I am trying to pursue; how can the Cabinet Office legal advisers, who are usually of very high quality, not have been consulted and not have warned that since 1989 when Douglas Hurd changed the law this had not been an area for the criminal law at all? Why on earth was that not brought to the attention of the Home Office, though one wonders why they did not know themselves? Is this not precisely a Cabinet Office co-ordinating function as it used to be?

Tessa Jowell: I do not know whether 20 years ago the Cabinet Office would have responded differently but what is quite clear from my understanding of the Cabinet Office's response is that they took precautionary action. The fact that the leaks did not in fact represent a risk to national security is a judgment that was made on the basis of the inquiry and with the benefit of hindsight.

Q279 Lord Lyell of Markyate: It was not a judgment on the basis of the inquiry, it had been removed from the criminal law altogether, it did not matter what the facts were.

Tessa Jowell: Again, My Lord Chairman, I am very happy to provide further information on the basis on which the Cabinet Office legal advisers considered advice at the time. It may be necessary for that to be provided in confidence but I am certainly very happy to ensure that you get further information.

Q280 Lord Peston: I am still a bit lost about the role of the Cabinet Office although you are doing the best you can to tell us what you do. Lord Lyell's example is a good example; everybody knows somehow that the anti-terrorist legislation is being misused; there is absolutely no doubt whatsoever that it is being called in when it does not apply. In a sense everybody knows about it but no one seems to have responsibility for dealing with the misuse. I do not see how you as Minister, plus your department, can do your job unless you yourselves know what is going on and it is not at all clear how you get to know what is going on as it were.

Tessa Jowell: Addressing the misapplication of legislation is a responsibility for Parliament but in turn for the department that has responsibility. If we go back to your central question, what is the relationship between the functions of the centre and departmental responsibility, then the functions of the

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centre are clear, as I have tried to set out: the constitutional function, the responsibility for the civil service and the responsibility for the good conduct of government. There are then other very specific areas of responsibility that are held at the centre. My ministerial team and I between us share responsibility for the third sector, for supporting the Prime Minister in the development of the national security report, the school of government, civil contingency and a range of other functions that you will see published today. In addition to that, as minister for the Cabinet Office, I am also responsible for the Olympics, for London and for humanitarian assistance. All of those are functions which are properly located in the Cabinet Office, perhaps with the exception of Minister for London, but certainly as Minister for the Olympics, Minister for Humanitarian Assistance and Paymaster General. These are all ministerial functions which require a very high level of bilateral or multilateral co-ordination from the centre.

Q281 Lord Peston: I understand that; what I cannot understand is the mechanism. Let us leave the Olympics on one side, I can see that as a very straightforward job that you have got which you do very well.

Tessa Jowell: Very straightforward!

Q282 Lord Peston: What I cannot see is do you sit down every week and go through every department? You used the word “supportive” and that word appears all the time. Do you say, “Home Office: what are we doing this week that supports the Home Office in what they are doing? Treasury: the economy is in a mess, what are we doing?” For department after department do you act supportively to find out where you can support them, or do you wait for them to come to you—and the last thing they are going to do is come to you as far as I can see—and say “what can you do to help”?

Tessa Jowell: This is the role of both the Cabinet committee discussion and the Cabinet itself. No, I certainly do not review the top line issues for every department every week. I am a senior member of the Cabinet and I know what is going on as a member of the Cabinet. The Prime Minister might ask me to work with X, Y or Z department on a particular issue but we have a mature departmental structure and I think that is important, that secretaries of state are responsible for their departments, that permanent secretaries as accounting officers are responsible for their departments. What the smooth conduct of government does not want is something which is another layer of audit and could be seen as meddling. The alternative view of that, I well understand, could be: “well it might improve foresight”. The volume of effort that would go into such scrutiny would not be repaid by identifying problems early, and where that

degree of anticipation is developed more is actually in Number 10. Remember also that the Prime Minister has regular stocktakes with the secretaries of state, which are intended to monitor the implementation of policy and anticipate problems which are looming.

Q283 Lord Morris of Aberavon: Minister, in reply to Lord Lyell’s question you very politely reminded us that you were not a minister in the Cabinet Office at that stage. Knowing the facts as they are now, would you have acted differently?

Tessa Jowell: Of course with the benefit of hindsight mistakes are identified, you think had we known then what we know now we would no doubt have reached a different decision, but with great respect it does not get you very far. The absolute obligation, whether as a minister or a Permanent Secretary, is to take decisions carefully on the basis of the best available information and in a context that reflects the broad values and priorities of the Government. It is incumbent on every minister to pursue their responsibilities in that way, not driven by media headlines or other distractions, but on the basis of an understanding of the issue itself. It would be very hard for anyone to put their hand on their heart and look back over the last 12 years and say “Were there things that I could have done better? Were there things that the government could have done better?” It would be sheer arrogance to say that there are none.

Chairman: Minister, you have duties in the other place at 12.00 I know, but we have just got time for a question from Lord Rowlands and then finally Lord Norton.

Q284 Lord Rowlands: Minister, you said that you have read quite a lot of the evidence that we have received and you will know that we have been looking to find out how much 1997 and what has happened since 1997 has changed the role of the Cabinet Office and changed the role of the Prime Minister’s Department. How would you characterise the changes that have occurred since 1997? How much of a watershed is it in terms of the development of the centre of government and how does the centre of the two Prime Ministers since 1997 compare with that which went before?

Tessa Jowell: You have highlighted one of the very important variables that makes a laboratory construction of the centre of government very hard to do because the character of the centre is very heavily defined by the phase of the electoral cycle, so the role of the centre in 1997 was much more vigorously interventionist. You had a government of ministers who were in government for the first time, you had departments that were faced with radically new policy priorities and you had a government that was in a hurry to achieve results. Now the Government is

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much more mature, you have much more self-confident departments and self-confident ministers—that is a good thing. The role of the centre changes in response to that and it also changes in relation to the national climate. Obviously I have referred to Building Britain's Future and the role of the Cabinet Office in that. The centre for the last year to 18 months has been heavily engaged in the impact of the economic downturn and the global financial crisis—the Treasury, Number 10 and also the Cabinet Office. You could almost write a 10-year story, narrative or account of the development of the role of the centre and the role of the Cabinet Office—the Cabinet Office in relation to Number 10, the Cabinet Office in relation to the business of Cabinet committees, the Cabinet Office in relation to other departments—and you would within that account capture the changing character, priorities and dynamics of the Government.

Q285 Lord Rowlands: Are you saying basically it is the personal chemistry and the political strength or weakness of the Prime Minister that is actually the determinant factor in how these institutions operate and work?

Tessa Jowell: It is not the determinant and if it becomes the determinant you create a position of weakness; you create a position of weakness in the long-term sustainability of policy. It is never a very good idea in government for policy to be owned by one person; you have to have a fact of shared responsibility across all the departments.

Q286 Lord Rowlands: Is that the lesson that has been learnt over the last 12 years?

Tessa Jowell: It is a fact that develops as a result of the maturity of a government.

Q287 Lord Norton of Louth: I want to follow up the point that you made about the centre earlier—you said the centre was primarily Number 10, the Cabinet Office and the Treasury and you touched upon some of the relationships in relation to Number 10 but only briefly in relation to the Treasury. Could you just tease out a little more what the relationship is between the Cabinet Office and the Treasury and to what extent that has actually changed over the past 12 years?

Tessa Jowell: There is, as I was saying earlier, this shared responsibility for public service reform and what was the Prime Minister's Delivery Unit, now the Delivery Unit, which is based in the Treasury. It reports jointly but in fact the real axis is with Treasury and the whole public expenditure programme. What is the relationship? The relationship again changes over time; in the run-up to the Budget or the pre-

Budget Report, in the context of a spending review obviously there are endless bilateral meetings between the Chancellor, the Chief Secretary and other secretaries of state and Number 10 will be very heavily engaged in that exercise, and the character of the relationship between Number 10 and the Treasury in perhaps the first five years of a government is different from the relationship in the subsequent period that we are in now.

Q288 Lord Norton of Louth: The meetings that take place, would it be fair to characterise them as meetings of equals or is there a hierarchy?

Tessa Jowell: At official level there is a very high level of collaboration between the Cabinet Office and the Treasury. This is not the stuff of political poetry but there are meetings of the boards, both of the Cabinet Office and of the Treasury. The Commissioning Board which co-ordinates policy across these areas of shared interest and shared responsibility would be a second, and then I have already referred to the fact that although the Public Services Unit, which is responsible for the work on public service reform, sits in the Cabinet Office it works to the Chief Secretary, so you can see all these interconnecting relationships which are important in making sure that the boundary between the Treasury and Number 10, the Treasury and the Cabinet Office, has a high level of osmosis going on all the time.

Chairman: The last question from Lord Rodgers.

Q289 Lord Rodgers of Quarry Bank: The Treasury has always been represented in official and ministerial Cabinet committees; my question is, is the Cabinet Office represented in Ministerial Cabinet committees and if not is there a possibility that there is a move away from ministers discussing issues about families, for example, to officials because so many matters are solved within the Cabinet committees with so few ministers in the Cabinet Office? Is there not a transfer away from parliamentary government to a different kind of government altogether?

Tessa Jowell: There is a very important point in your question and certainly I attend a very large number of Cabinet committees, but I do not attend all 46 Cabinet committees—the management of all my responsibilities would be impossible if I did. This is where the machinery of government comes into play, because the secretariat is provided by the Cabinet Office to all Cabinet committees and I would certainly expect to be alerted were an issue to arise in a Cabinet committee that I was not a member of or I had not attended for some reason that I ought to attend to. I would expect to be alerted in that way. You are right, there is an interaction here between the machinery of government which is the servicing of

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Cabinet committees, securing decisions and disseminating those decisions and ensuring that departments take on their responsibility for implementing those decisions, and the degree of political oversight. The political oversight in a way is not that the Cabinet committees are sovereign, but they do a very important job in supporting Cabinet government because important decisions from Cabinet committees will come as recommendations before the whole Cabinet, but with a degree of confidence that the arguments and the complexity of the difficulties will have been addressed in the discussion in Cabinet committee and will be reflected in the recommended conclusion. The three major councils, for instance, that have been established in the last year—the National Economic Council, the Democratic Renewal Council and the Domestic Policy Council—I attend the Domestic Policy

Council but yesterday spent quite a lot of time at a Cabinet committee considering House of Lords reform which will make recommendations to the Democratic Renewal Council, no doubt, for further consideration there before recommendations come to the Cabinet.

Q290 Chairman: Minister, thank you so much for coming to be with us. There are a number of points that time has precluded us from raising and there are others that we would like to pursue in correspondence if we may. In the meantime thank you very much for coming.

Tessa Jowell: Thank you very much indeed and I will be delighted to supply any further information that you would like and also perhaps to answer the questions that time has not allowed for.

Chairman: Thank you very much indeed.

Supplementary letter from Patrick White, Private Secretary, Cabinet Office

At Tessa Jowell's evidence session with the Committee, the Rt Hon The Lord Lyell of Markyate asked why Cabinet Office Officials has requested the police to consider an OSA investigation following the leak of immigration documents when the OSA was amended in 1989 to exclude immigration from the coverage of the Act.

Sir Gus O'Donnell explained in full that the background to the request for the police to consider an investigation at his evidence session with your Committee on 4 November. As he said then, his officials were fully aware of the intentions of Parliament in passing the 1989 Official Secrets Act, with its focus on national security related damage as the criminal offence. It was absolutely not the case that the analysis being done within this department was based on an outdated interpretation of the pre-1989 law. Sir Gus did go on, as he has done before to Parliamentary committees, to explain in full the context at the time of the request to the Metropolitan Police Service to consider an investigation, which centred around the mixture of national security and non-national security related leaks that had already taken place, how the department did not know the source or sources of the leaks, and had to weigh up the risk of future leaks which might involve national security material.

The Committee may also be interested in a consolidated Cabinet Office paper (not published here) on handling official information, which has just issued. A copy has also been sent to the Public Administration Committee and a copy has been placed in the Library of the House. You will note that the guidance adopts in full the Chief Inspector's protocol for consideration of police involvement in leak investigations.

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Supplementary letter from The Rt Hon Tessa Jowell MP

In my evidence to the Committee on 14 October, I promised you some further information. However, I understand that following Sir Gus O'Donnell's evidence on 4 November that he will now be writing to you with this.

Since my appearance you have requested information about areas which it was not possible to cover on the day owing to time pressures. This information is at Annex A.

Annex A

FURTHER INFORMATION ON QUESTIONS 7–10 AND 12

(7a) *How would you describe the relationship between the Cabinet Office and other departments in Whitehall? How has this relationship evolved? How would you characterise your own dealings with “the centre” as a departmental minister?*

(b) *Various witnesses have commented on the extent to which since 1997, the Prime Minister and the Office of Number Ten have become increasingly involved in the initiation and delivery of policy. Do you agree? What impact have such initiatives as the Delivery Unit or the Capability Review programme had on the relationship between the centre and departments?*

How does the increased involvement of the centre on policy initiation and delivery impinge upon the Cabinet Office’s efforts to “balance central direction and oversight with the development and ownership of improvement by departments themselves”?

Do you agree with Sir Robin Mountfield that there may be a “trend to a more presidential style of Prime Ministership”?

Relationships between the Cabinet Office and other departments are good. Although the Cabinet Office’s one overarching aim is “Making Government Work Better” departments are, and should remain, strong and robust, and innovative.

The Prime Minister’s Delivery Unit, although based in the ‘centre’, exists to ensure that all departments have access to the best advice on how to continually improve delivery and that Ministers collectively have access to information about the performance of priority areas. Capability Reviews, which were initiated by the Cabinet Secretary, have opened up Whitehall to external challenge and provided Permanent Secretaries with the opportunity to gain highly detailed objective assessment of performance from experts in both the public and private sectors.

I believe that it is to the Government’s advantage that resource at “the centre” instigates and oversees some policy priorities, particularly in the early stages of development, and also helps Departments drive through their own aims and objectives.

8. *How would you respond to the concerns of some witnesses that the role of Cabinet Office Minister has not been an effective one in recent years?*

Supplementary—Can you provide a list of your responsibilities as Minister for the Cabinet Office, as well as any clarification of these duties that the Committee might find useful?

The role of the Cabinet Office is to support the Prime Minister, support the Cabinet and strengthen the Civil Service.

As such the role of the Minister for the Cabinet Office evolves in a similar way to the role of the ‘centre’. Many of the functions of the Cabinet Office are long-standing and ongoing (such as its co-ordination functions), whilst it also flexibly responds to new requirements. Changes since 1997 have reflected what the UK and Government has required “the centre” to do to meet policy and delivery challenges. The Prime Ministers Delivery Unit, for example, has driven public service improvements, the Office of the E-Envoy and subsequent work has led to innovative UK use of the internet to change service delivery to benefit users. Under the current Prime Minister this evolution has continued. The National Economic Council (NEC) was established to reflect new economic priorities and the recession. The Democratic Renewal Council (DRC) set up to drive democratic reforms.

Over the past few years the Centre has evolved so it can continue to make Government work better. Changes in the Cabinet Office include:

- Stronger strategy and performance monitoring functions—several new units have been formed to help the Prime Minister drive his agenda, including the Strategy Unit and PM’s Delivery Unit (now in HM Treasury).
- Stronger coordination of security, intelligence and resilience issues. Changes include: Civil Contingencies Secretariat joining Cabinet Office from the Home Office in 2001; the creation and operation of the Cabinet Office Briefing Rooms (COBR); and more recently the creation of the Office of Cyber Security.

- Leading the Civil Service in new and innovative ways—most noticeably through creating a Civil Service leadership team of Permanent Secretaries and the Top 200 including the governance bodies such as PSMG and CSSB, and creating profession leads. The Capability Reviews are also a major innovation.
- New forms of Cabinet Committees have been introduced to tackle priority challenges—most noticeably the National Economic Council (NEC) in 2008, but also more recently the Democratic Renewal Council and Domestic Policy Council. Different forms of official groups and secretariats have also emerged to support these (eg NEC (O)).

The recently published *List of Ministerial Responsibilities*, copies of which were provided to the Committee, sets out my duties as Minister for the Cabinet Office.

9. *How has the relationship between ministers, civil servants and special advisers evolved since 1997 and what issues have these changes raised?*

In my experience, civil servants and special advisers work very well together recognising that for a policy to work it needs political context as well as a range of public service skills. You cannot make good deliverable policy out of context, and in my view the civil service has a got a lot better at positively looking for external input from business, academia, think tanks etc.

10. *How would you characterise the role and function of the Cabinet Secretary? How has this role evolved? How would you respond to Dr Heffernan's observation that the personal authority of the Cabinet Secretary "has probably diminished in the past 10 years"?*

Peter Riddell suggested that the role of Cabinet Secretary has changed from that of "key co-ordinator of policy advice" to "personnel [head] of the Civil Service and in charge of delivery", and that Lords Butler, Wilson and Turnbull had had "a less direct relationship on the big strategic decisions . . . than would have been true, say, of Norman Brook and Trend and Hunt." He also suggested that there is a conflict between these two roles that weakens the Cabinet Office. How do you respond to this assessment?

The current configuration of responsibilities works well: the Cabinet Secretary, as principal advisor to the Prime Minister (including in his role as Minister for the Civil Service) and to the Cabinet, is also responsible for ensuring that the Civil Service has the capability to support the Government in delivering its agenda.

It also makes good sense for the Cabinet Secretary to be the head of the Cabinet Office. In that role, the Cabinet Secretary is responsible for the teams through which the functions of Secretary of the Cabinet and Head of the Civil Service are discharged.

The Cabinet Secretary retains an important and central role in providing strategic policy advice. He chairs (at official level) the three key committees bringing together policy officials—the National Economic Council (NEC), the Democratic Renewal Council (DRC), and the Domestic Policy Committee (DPC).

The Cabinet Secretary has a strong focus on the capability of departments, across the range of their activities, as evidenced by the capability reviews. This capability encompasses policy formulation, policy implementation, operational delivery as well as leadership.

12. *What changes would you advocate to improve both the current role and functions of the Cabinet Office and the centre of government more generally?*

What is your view of the idea of merging the Cabinet Office with the Prime Minister's Office to create an "Office of the Prime Minister and Cabinet"?

Your submission states that the capability review of the Cabinet Office showed that "some areas required further work". What further work is required?

The centre of Government should continue to ensure it is no larger than it needs to be to get the job done and that it has the skills and personnel it needs to respond flexibly as requirements change. This is what it does best and should continue to do.

I believe it is more important to get things done rather than having dialogue about what "the centre" is called. This in my view is more important than whether we have a "Prime Minister's Department".

The three specific areas highlighted in the Cabinet Office Capability Review which were identified as requiring further work were:

— Building a Civil Service to meet the challenges of the future:

The Cabinet Office has improved leadership and teamwork at the top end of the Civil Service through strengthened collaboration in the Civil Service Steering Board, Permanent Secretaries Management Group and the Top 200 Group.

— Prioritising Cabinet Office objectives:

The Cabinet Office Board has been working hard to identify the most important aspects of our work to support the Prime Minister, support the Cabinet and lead the Civil Service.

— Improving “models of delivery” across the Civil Service and accountability within the Cabinet Office:

The Cabinet Office is working in ever closer collaboration with the Treasury, for example to share and come to a single assessment of delivery against government-wide objectives.

15 December 2009

WEDNESDAY 21 OCTOBER 2009

Present	Goodlad, L (Chairman) Lyell of Markyate, L Morris of Aberavon, L Pannick, L Peston, L Quin, B	Rodgers of Quarry Bank, L Rowlands, L Shaw of Northstead, L Wallace of Tankerness, L Woolf, L
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Examination of Witnesses

Witnesses: BARONESS HOGG, a Member of the House of Lords, former Head, Prime Minister's Policy Unit and MR JONATHAN HILL, former Head, Prime Minister's Political Office, examined.

Q291 Chairman: Lady Hogg, Mr Hill, good morning; thank you very much indeed for joining us. We are being recorded so could I please ask you to identify yourselves, as if it was necessary (which it is not) for the record?

Baroness Hogg: Thank you, my Lord Chairman. I am Sarah Hogg, I was Head of the Prime Minister's Policy Unit from late 1990 to early 1995. Since then my life has been largely in the corporate world: I am Chairman of 3i Group and Frontier Economics, I am on the Board of Cadbury and BG and I am Deputy Chairman of the Financial Reporting Council.

Mr Hill: My name is Jonathan Hill. I was Political Secretary at Downing Street from 1992 to 1994, before that I worked in the Policy Unit and before that in a previous incarnation was a special adviser in the 1980s.

Q292 Chairman: Thank you very much indeed. Could I begin by asking you both which particular important constitutional issues should be at the forefront of our Committee's minds in conducting this inquiry into the workings of the Cabinet Office?

Baroness Hogg: May I start, as many of your witnesses have done, my Lord Chairman, by congratulating you on the timeliness of this inquiry? There are a number of very important issues of efficiency, efficacy and propriety and of course propriety in itself may lead into constitutional issues, but if asked to single out what seems to me the key constitutional question or the main one, it is whether the concept of Cabinet government can be reinforced, reinstated, and the extent to which it really can be an important part of the checks and balances in our system of government.

Q293 Chairman: Thank you very much.

Mr Hill: I agree with that. The only point I would add to that is the whole issue of the extent to which whatever system we have has been politicised and whether one can get greater clarity back into the system to have some of the distinctions between the Civil Service functions and the political functions that I remember more clearly from the 1980s.

Chairman: Thank you very much. Lord Rodgers.

Q294 Lord Rodgers of Quarry Bank: I wonder if you would be kind enough to clarify each of your roles? One of you were in the Political Office and the other in the Policy Unit. I do not quite know what they do or what they did at that time and how far you dealt with each other. As this is part of our inquiry could you say, not on the other matters which will not arise further, but how much actual contact you had with the Cabinet Office? Did you actually meet them from time to time, day by day; how did you actually function in relation to that point?

Baroness Hogg: Jonathan will be able to speak most clearly about the distinction between the Policy Unit and the Political Office having served in both; I served purely in the Policy Unit. The role of the Policy Unit was to work on whatever strategic policy issues the Prime Minister wished us to do. It was in my time a mix of civil servants and outsiders; the outsiders were there to be, if you like, grist to the mill of policy debate rather than to perform a political function, but they were outsiders and expected to add an outside perspective. The issues that we worked on, as I say, were at the request of the Prime Minister. One of the key features of it at that time was that the Policy Unit was very small, seven or eight people during this period, and therefore by necessity could only work on a few key, strategic, cross-departmental issues, which was a very good discipline; it prevented too much intervention in too many issues that were properly only the territory of the departments. For example, we focused a lot of attention on the Citizens' Charter, which was clearly cross-departmental and was a priority of the Prime Minister's right through my period in Number 10. Another example would be the replacement of the poll tax which was clearly cross-departmental—the Treasury, the Department of the Environment. Another, from my personal perspective, would be the world trade negotiations which were again clearly cross-departmental and also had another characteristic which was that in dealing with other

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governments, other governments wanted to be dealing with someone in the Prime Minister's office as well as departments because that was the nature of other prime ministerial offices—the Kanzleramt, the White House, whatever. It had to be highly selective, cross-departmental, strategic as determined by the Prime Minister. The nature of the unit, which as I say was at that time up to half composed of civil servants, necessarily made it a different kind of activity to the activities of the Political Office. It also required us very much to engage with the Cabinet Office which was the machinery of Cabinet government, which was the fix-it between departments, which was the support for Cabinet committees which were so often the delivery mechanism for policy changes, and again the small size of the Policy Unit meant that those interactions were critically important to our efficiency and efficacy. Speaking personally, I was very grateful for the support and help I had from cabinet secretaries at the time and senior members of the Cabinet Office secretariat.

Mr Hill: The Political Office then, if the Policy Unit was small, was minuscule. I oversaw a 100% expansion in its size from one to two. An important point about the Political Office then—and I do not know what the situation is now, but it actually goes to the heart of some of my concerns about the dividing lines between the Political Office and civil servants more generally—was that the Political Office was funded entirely by the party so I and my staff, which was small, were all paid for by the Conservative Party. In a way that is a reflection of the very clear distinction that there was in people's minds between the efficient side of the House as it were and the party political side. In terms of the job, which again underlines this distinction between the two and was clearer then, anything to do with party political business that it would have been inappropriate and improper for a civil servant to undertake, I undertook—anything to do with party conferences, political speeches, political input to Prime Minister's Questions, political visits, regional tours. All those are things that my Civil Service colleagues would not have touched with a bargepole.

Q295 Lord Rodgers of Quarry Bank: Could I just possibly ask what the word “strategic” means? “Strategic” I always think it means a long way ahead but if you deal day-to-day with the Cabinet Office, they are issues with us now not tomorrow.

Baroness Hogg: I have always found it quite difficult to make a hard and fast distinction because very many long-term strategic issues require immediate action—I can think of some of the issues we contemplate at the moment and the fact that an issue is strategic does not mean to say that it does not need decisions to be taken over a relatively short period. Of course, there are some issues that will probably

only hit us a very long time ahead and are also issues where you do not have to take pre-emptive action, but frankly I do not think there are very many of those. Of course I understand the distinction between what hits you every morning and any Prime Minister, any minister, has to deal with what hits you every morning before and ahead of but hopefully not instead of the issues that are coming further down the spike. You could say that structural changes in taxation, for example, are very long-term in their consequences, but we were faced with a situation when John Major came into power of needing to find a replacement for the poll tax very quickly. You could take the view that the development of world trade was an issue of long-term strategic importance, but we had to see if we could help the US and Europe resolve the—pretty dramatic at the time—stalemate over the world trade negotiations very quickly. That is how I saw it.

Q296 Chairman: Before coming to Lady Quin could I just follow up Lord Rodgers' question by asking—there is a piece of jargon going around now about joined-up government. During your time how effective do you think joined-up government was?

Baroness Hogg: I cannot answer for the work to create greater joined-up government across departments that is being done in the Cabinet Office now, some of which seems to me to be extremely interesting. In terms of the role of Number 10 at that time again I would emphasise that small leads to co-operation rather than competition and because a unit as small as eight cannot function effectively unless they genuinely command the willing engagement, respect—I do not know what the appropriate word is—of people around the system, the co-operative, joined-up approach is essential, otherwise you just could not function.

Q297 Baroness Quin: Jonathan Hill flagged up in his opening remarks the importance of the boundary between the political and the civil servant and I therefore just wanted to ask you, Lady Hogg, in view of the mixed nature of the unit you were in, how that worked in practice. Were there somehow rules or understanding about each other's roles and were there any problems in terms of working together in a mixed unit of that kind?

Baroness Hogg: I do not think there were problems working in a mixed unit; indeed, it was vital to probably both sides. Quite often if one is addressing a problem for which one had brought in an outsider—I can think of an example which would be some of the European negotiations on financial services that were going on at the time. We brought in an outsider with a good deal of City expertise—and he could not have operated within the system without working with a very able Treasury civil servant who had been

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seconded to the Policy Unit. Her firepower was greatly increased by having an outsider with outside experience to work with, and they worked very much as a pair, working their way around the system internally, working their way around the City, working their way around Europe. That is an example of how co-operation can work very well. Of course there are grey areas; we were sitting there as a sort of bridge if you like between the Civil Service and not necessarily the political world but the government of a political party with its political agenda, with its policy agenda world, so we saw ourselves very much as a bridge but you have to be watching both sides of the bridge all the time. Having civil servants in the mix not only helped to make the bridge secure, it helped us to think carefully about what we were doing because obviously the whole point of it would be to ensure that the civil servants were not drawn into inappropriate activities.

Q298 Lord Rowlands: Lady Hogg, in your opening remarks you referred to the issue of reinstatement of Cabinet government. How far was Cabinet government as we traditionally know it operable and up and running in the late Eighties and early Nineties?

Baroness Hogg: If you look at the literature of the time you will see that in the early Nineties everyone was rejoicing at the re-creation of Cabinet government.

Q299 Lord Rowlands: It had lapsed in the Eighties then.

Baroness Hogg: This is very debatable because all of those who worked with Margaret Thatcher, as I did not, said that she had a very strong view of the importance of the Cabinet. She may have had differences with them, but that is a different point. Certainly John Major had a very collegiate approach and members of the Cabinet found that very positive. I said “reinstatement” and then I said “or maybe reinforcement”, I do not know what your view is. I think it is very difficult to see how much of that is the ebb and flow of personalities and pressures and how much is structural. I know I have read with interest a lot of the evidence to this Committee.

Q300 Lord Rowlands: Tessa Jowell’s evidence on this is particularly interesting.

Baroness Hogg: That one I have not seen.

Q301 Lord Rowlands: We saw her last week.

Baroness Hogg: Maybe it is not on the website yet because I have not read that. Certainly Peter Hennessy, as I know well, believes that a lot can be done to restore it as a critical check and balance. I do not know; at this moment there are some interesting parallels. As the Deputy Chairman of the FRC I am involved in the review of corporate governance and

we are looking at how to strengthen the role of the boards of companies. There are some quite interesting parallels but when I make those parallels I find it quite hard to see how easy it is for a Cabinet to be an important check and balance because whereas in a company the board selects the chairman, of course in government the Prime Minister selects the Cabinet, and that is a very different power relationship.

Mr Hill: One of the difficulties is that things get chipped away over time. Quite a lot of the work of this Committee is understandably focused on issues to do with institutions, structure and organisation, and my very strong view—I do not know how one quantifies it or captures it—is that a huge amount of it is to do with culture, behaviour and individuals. It is very possible to do as this Committee is doing and look back over 10 or 20 years and you can see very clearly changes in attitudes and behaviour, but at the time as one is going along, quite a lot of those changes feel fairly minor and incremental. When you look back there are very clear differences in behaviour and when I look back to the mid eighties when I first became a special adviser and as I read about the behaviour of special advisers today, it is very different from the behaviour of the special advisers in the 1980s. That leads to all sorts of issues that you are looking into to do with the interface between them and officials and between the centre and Number 10. I do not think anyone sat down and said “Let us reconfigure it and do it in this way”. It has crept up on us.

Q302 Lord Peston: Lady Hogg, it says here that you were the then Prime Minister’s closest adviser on the Uruguay trade round and the creation of the World Trade Organisation. It follows logically that if you were the closest adviser the trade minister was not the closest adviser, nor was his department, nor was the Cabinet Secretary, nor was the Cabinet Office. Is that not a very serious constitutional matter, that in a major area of that kind the bodies that as it were the constitutionalists tell us are the bodies responsible for this are not the Prime Minister’s closest advisers?

Baroness Hogg: I do believe enough in Cabinet government to believe that secretaries of state are in a different class, category and status way above advisers, so in saying I was the closest adviser I am only saying that I was the closest among the category of special advisers—advisers of whatever type—who were involved in this activity.

Q303 Lord Peston: Certainly my experience when I worked as a special adviser was that the secretary would always say to me “Do you agree with that?” Was that your role, whatever the topic was?

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Baroness Hogg: I am sorry?

Q304 Lord Peston: Essentially my secretaries of state on any matter that we were dealing with, although we always used to use the civil servants as the main advisers, the secretaries of state would never move without asking me did I agree. Is that what you are saying your special position was, that in a sense if you were to say to the Prime Minister “I am very doubtful about what they are suggesting”—say for the WTO—that would act as a brake on what everybody else was saying? Was that how it worked?

Baroness Hogg: I would describe it slightly differently because as an adviser one of the things you try to do is not end up in a meeting with the Prime Minister in confrontation, and the sort of scenario you are describing suggests that somebody comes along and says “Prime Minister you should do X” and I am there saying, “Don’t do X”.

Q305 Lord Peston: No, I meant privately. Do not forget that the whole point of special advisers is that they see the Secretary of State, or in your case the Prime Minister, separately from everybody else.

Baroness Hogg: What I would try to do beforehand a lot would be to work through so that we were all in a state of agreement and in that sense I would be feeding into the DTI as well as into the Prime Minister as a result of endless trotting backwards and forwards to the White House to talk to Mickey Kantor or whoever was involved as the special trade representative there.

Q306 Lord Morris of Aberavon: I listened very carefully, Lady Hogg, to what you said about engaging with the Cabinet Office, which was the delivery mechanism, and you were grateful for the help of the Cabinet Secretary at the time, and we appreciate that. I wonder how far you can opine on the role of the Cabinet Secretary? Did they have ministers responsible for the Cabinet Office in your time? They may not have. We are now told there are six permanent secretaries in the Cabinet Office and the impression I have is that when there are ministers charged with the responsibility for the Cabinet Office it tends to diminish the role of the Cabinet Secretary. They may not have had all these add-on things in your time but the Cabinet Secretary in your time presumably was a very important figure; do you feel he is as important now or less important and is there a role from your experience in your period for ministers in the Cabinet Office?

Baroness Hogg: The ministerial structure varied a good deal. My relationship was both with the Cabinet Secretary and with the leaders of the various secretariats within the Cabinet Office and when I say help from the Cabinet Secretary I should also like to emphasise guidance; very important in terms of

where the appropriate boundaries were on some of the issues Lady Quin was asking about earlier. That was crucial. It was help from above rather than help from below, I would like to make that clear, and it was a very important source of guidance on not just what we should be doing but what issues we should be tackling, the right way to do that, how to engage with departments. I think the job is as important as it ever was and some of the tasks that it is carrying out at the moment, for example with respect to Capability Reviews, are enormous and I have the greatest respect for the current Cabinet Secretary. Indeed, I believe all the cabinet secretaries I have known since the period I was in Number 10—and even before that—have been individuals of extremely high calibre. The system delivers individuals of extremely high calibre to carry out that function. The question, it seems to me, is whether the pressures on them have changed and whether it is more difficult to do the job; rather than whether the individuals themselves are doing a better or worse job.

Q307 Lord Morris of Aberavon: We have had evidence from Dr Heffernan where he said that the personal authority of the Cabinet Secretary “has probably diminished in the past 10 years”. In my time as a Cabinet Minister and then as Attorney a visit or a call from the Cabinet Secretary frightened the natives. Is that role now as important as it used to be given what you have just said?

Baroness Hogg: That is the distinction I was trying to make. The personal authority and the respect in which the individual is held in my view, if you are making a judgment on the individuals, are and should be as high as ever. The role has become more difficult. Is that because the role of Cabinet government has declined? That is the question that I know you are struggling with as a Committee. It is quite difficult because clearly if it has then the role of the Cabinet Secretary has changed: but her is still the guy who is running the Civil Service, which is a huge job in itself, and, as I say, some of the things that the current Cabinet Secretary is doing to try and grapple with this enormous task seem to me tremendous—tremendously difficult but tremendous. In terms of the relationship with the Prime Minister, that key role of acting as the bridge between the Prime Minister and the Cabinet is obviously diminished in importance if one believes that Cabinet government is diminished. I find it very hard to judge whether that is a cycle or a trend, and it is probably a bit of both. I do fundamentally worry about the notion that Cabinet government is an important check and balance on the Prime Minister, because I cannot see that as a powerful check and balance on the Prime Minister for reasons I have given. I believe it is Parliament that is the check and balance on the Prime Minister and, focusing on that key issue, it is on the

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strength of Parliament and structural improvements to increase the strength of Parliament that one should focus as well as buttressing Cabinet government.

Q308 Lord Shaw of Northstead: In talking to this Committee, mandarins have claimed that Britain's great institution of joint Cabinet government is threatened by the growing power of the Prime Minister. They claim that they are determined, as far as they can influence things, to bring back that old system, but is it possible to do that and what effect does Prime Minister's Questions have—which is open to all subjects and is then followed by interviews with the press and so on by the Prime Minister? There he is, batting on his own on a wide range of subjects. Under that system is it possible that the Cabinet can work in the way that it used to?

Baroness Hogg: Speaking personally it is a sadness that Prime Minister's Questions were reduced from twice a week to once; I wish that had been resisted. I know how much of the Prime Minister's time it absorbed in Number 10—Jonathan can probably speak to that even more than I can—so I quite understand from the point of view of diary management that the Prime Minister's Office likes to have it once a week rather than twice, but it was a moment when Prime Ministers had to stop and think, twice a week not just once a week, what were the issues of the day on which they would be challenged. It was a very important part of the checks and balances.

Mr Hill: Very much so; it was the single most powerful tool that the Leader of the Opposition had to make life difficult for the Prime Minister and if you think of the old cycle, as Prime Minister on Monday you were only a day away from being interrogated on that day's events, on Tuesday that day's events, Wednesday's would be picked up on Thursday, so actually Friday was the only day where you were not liable to be questioned on what was topical. It was very good at keeping the Prime Minister's feet to the fire. It was also very good the other way round actually in terms of the Prime Minister getting a fix on what was going on in individual government departments, because if you know you are going to be interrogated about a policy issue and you are going to have to stand up and give an answer, and an answer comes in from the department that you know you are not going to be able to defend in front of the House, you poke around and you come up with a different answer. There have been a number of occasions where, as a result of the preparation that was done for PMQs, policy changed, so I see that benefit as well. Sarah is obviously right that from an administrative point of view the officials were always fairly keen to try and kill it and they seized the opportunity the day after the General Election to do so. That is actually quite a good example of where there was a lack of

check and balance, in that you had a strong Prime Minister with a very strong Parliamentary majority and a piece of machinery that did put him on the spot was changed, not even at the stroke of a pen, it was changed.

Q309 Lord Rowlands: Going back to your answer about the Cabinet Office and the role it played, particularly in your period, perhaps you can tell us a little bit about the role that was played in the height of the crisis on the ERM and the monetary crisis that blew up. Who were the determinants in that, was it the Prime Minister's Office, was it the Cabinet Office?
Baroness Hogg: That was so much an issue on which there was one dominant department, the Treasury, that the cross-departmental machinery was not as important as it might be in an issue which quite clearly spans departments, particularly at a moment of crisis. It was the department whose key responsibility it was, together with of course the Bank of England, who were the two that were key at that point rather than the Cabinet Office.

Q310 Lord Rowlands: When you get a crisis blowing up as serious and as fundamental as that, the Cabinet Office is almost pushed aside and really it is driven by either the individual department or what?

Baroness Hogg: The Prime Minister did, on that day, have a meeting of not the entire Cabinet which he could not call in time but of senior Cabinet members, four senior Cabinet members.

Mr Hill: Often the Cabinet Secretary was there throughout.

Baroness Hogg: Exactly.

Q311 Lord Rowlands: What do we reflect on that, that when you have got a crisis of this kind something which is I suppose the centre of government, the Cabinet Office, is not then the determinant force?

Baroness Hogg: As Jonathan rightly says the Cabinet Secretary was there, but I think it was very much the choice of that Prime Minister that it was very important for him to have his key members of Cabinet present at the key, very painful and difficult decisions through the day. A different Prime Minister might have handled it differently; the machinery did not dictate that, it was he who took the view that he had to have the four of them there. It is quite an important difference.

Q312 Lord Morris of Aberavon: The Prime Minister of the day would want to ensure that he had vital backing from the key members, if he was in a fix, that he knew he could rely on.

Baroness Hogg: Exactly. That was instinctive, however, rather than structural.

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Q313 Lord Peston: Although at the time it would have seemed the most horrendous crisis to you, in fact the British economy did not disappear, we did not get poorer and you might well say “what crisis?”, but that seems to be the state of economics all the time, that when you look back you wonder what the fuss was all about.

Mr Hill: It felt a little bit like a crisis.

Q314 Lord Wallace of Tankerness: During the course of our inquiry we have had a number of descriptions of the Cabinet Office. Sir Robin Mountfield said that it tended to fulfil a “dustbin function . . . for special units or other activities” which could not find a natural home elsewhere, the great triumvirate of Lords Armstrong, Butler and Wilson talked about it being a “proliferation of units” that has made the Cabinet Office and Number 10 over-large and over-crowded and, last week, the present Cabinet Office Minister Tessa Jowell described it as an “incubator” where initiatives can be developed and then rolled out across departments. I just wondered from the viewpoint you had and the engagement you had how you viewed the Cabinet Office? Was it overcrowded, was it a place where things were put that could not be put elsewhere?

Baroness Hogg: It certainly did not feel like that at the time, it felt like a well-functioning piece of machinery that stretched across departments, could support and manage processes for achieving resolution of cross-departmental issues through Cabinet committees. If one could do one thing to give Cabinet government a better chance, my one choice would be to place more spotlight on, or highlight, Cabinet committees and give them in some way a greater status—and you would know much more about this than me—in the machinery as perceived by the outside world. If you asked around schools what a Cabinet committee was you would not get an answer—Cabinet, yes, Cabinet committees, no. These are so important a part of the machinery and are both efficient and constitutionally important as the underpinning of Cabinet government that anything one can do to raise their profile and status I think would be very valuable. That is the key function I saw there, but also on many occasions how the Cabinet Secretary would himself grip an issue which had cross-departmental tensions and stalemate within the process, and resolve the stalemate and achieve a solution by his own force of personality and action. It was a very personal fix-it process as well as a structural fix-it process.

Q315 Lord Wallace of Tankerness: Did the Cabinet Office have any specific units within it at that time dealing with a discrete area of cross-cutting policy?

Baroness Hogg: To do with the Civil Service, yes, a great deal, but I would be an unreliable guide as to how effective those were at the time so I will pass on

that, but clearly there was a lot of activity and functionality to do with managing the Civil Service and improving and developing the Civil Service. That has come to the fore under the current Cabinet Secretary in terms of the Capability Reviews and so forth which are clearly very important. It is a different part of the piece, if you like, to that Cabinet government functionality. One does worry about it becoming a dustbin, and I quite agree, but I just put one caveat in: I often think it is a good thing if those units end up in the Cabinet Office rather than the Treasury because the Treasury is inclined to land-grab. Ever since it ceased to have a role in monetary policy its land-grabbing has increased so I am always quite pleased that some of these cross-departmental functions end up in the Cabinet Office rather than the Treasury, but that may be a prejudice.

Q316 Lord Lyell of Markyate: You were talking about fixing it between departments and the role of the Cabinet Secretary, and my impression when I went in there was that it was quite clean and efficient and not over-large. We have been told now that not only have we got the Cabinet Secretary but there are six permanent secretaries in the Cabinet Office and something between 1200 and 1400 civil servants in it. Would it be fair to think that it might be beginning to collapse in on itself and its co-ordinating functions are not working as well as perhaps they once did?

Baroness Hogg: I find it hard to judge that. There are fewer permanent secretaries in the Treasury now and more in the Cabinet Office. Lord Peston and I well remember when there were four permanent secretaries in the Treasury and I am not sure there is that number now, but the titles have changed so much it gets very difficult, so maybe there has just been a transfer there. I would not be able to judge whether it is that or functionality. There is certainly a lot more activity in relation to the management of the Civil Service and that must be all to the good. I really could not judge on the other units.

Mr Hill: There is a broader point about complexity and numbers, whether it is in the Cabinet Office or Number 10. As Sarah said earlier, Number 10 in our days was a very small, lean piece of machinery which in a way matched the capacity for a Prime Minister to have close relationships with a given number of people. The nature of a Prime Minister’s day and life, however many people you stuff in there, means that he is really only capable of having that kind of relationship with a modest number of people because there is not the band-width or the capacity to do more, so having more and more people performing different functions in different silos does not, in my view, make government or the centre more efficient or stronger. I know a lot of the focus of what you have been looking at is whether the centre is being strengthened at the expense of the departments; it is

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perfectly possible to argue that the apparent mess in the centre is a sign of a weak centre rather than a strong centre because if actually the centre was delivering what it wanted to deliver it would not keep being fiddled around with. If you are sitting at Number 10, “How do you get done what you want to get done?” is a question that you do ask yourself and, rather than thinking gosh we are strong, you spend quite a lot of time thinking “why can we not get anything done?”. That is important to bear in mind. If you look at the systems, most people would say that Mrs Thatcher’s government was a fairly strong government that got certain things done, whether one agreed with them or not. The system that it had to deliver that was an extremely simple and uncomplicated system, manned by far fewer people than now, and the reason it worked better was because there was a clear sense of the broad direction that the Prime Minister wanted to take things in—a clear sense of the strategy if you like—and that meant that the process of policy-making and taking decisions was actually a lot easier because one knew that there were a whole number of issues that one did not need to spend time debating. I would argue strongly that all this layering of additional complexity, “we will set up a unit, we will have a new initiative, we will have a new tsar or have a new person”, has not helped at all, it has complicated, and going back to something far simpler with fewer people would cost less and be likely to yield better results.

Q317 Lord Woolf: Listening to what you have to say, Lady Hogg, particularly in relation to committees, which you are obviously in favour of and whose position you think should be strengthened, I wonder whether you want to comment on the situation at the time of Lord Irvine being Lord Chancellor. I remember the famous analogy he drew between his position and that of Cardinal Wolsey and he used to speak regularly about the fact that he was chairman of six Cabinet committees. I was just wondering whether that does indicate a danger in giving too much power to committees and in effect taking it away from the departments.

Baroness Hogg: I see committees as mechanisms for resolving differences between departments. I do not think they can ever in that sense take power away because they will resolve differences, for example, that are inherent and the departments cannot avoid, normally between the Treasury and the department concerned. There is almost inevitably a difference, a tension, between the departments and the Treasury. Cabinet is not a way of resolving those differences, it is too big to have debate and conclusion. It may on occasion make its voice heard on issues on which all around the table have already, for good reasons, made up their minds and come to articulate a view,

but as a process of dispute resolution a committee of 22—I cannot remember what we are at the moment, somebody will know—cannot do that. A Cabinet committee is much more the size of a corporate board and we are increasingly giving respect to the literature that says very big boards cannot do that job—some of the issues about banks are about the size of their boards. So a Cabinet committee would be much more like the size of a company board which can have a proper debate and a resolution; that is why I think they are very important.

Q318 Lord Woolf: Do you get any impression though that the cost of that could be the loss of autonomy within the departments?

Baroness Hogg: No, I do not believe so; on the whole departments are grateful for and flourish under the system of Cabinet committees where their minister speaks and argues the department’s case.

Q319 Lord Woolf: You think it strengthens the departments.

Baroness Hogg: Yes, exactly, rather than having a single decision taken at Number 10 on a presidential basis. It is clearly stronger for the department to be in that position and, as supported by the Cabinet Office with an appropriate secretariat, papers and so on, to see if you like fair play, it is a very important strengthening of the departmental position.

Q320 Lord Rowlands: You just described the classic traditional arrangement. We have taken quite a lot of evidence suggesting that the world is changing so fast that this arrangement is not any longer satisfactory because of the instancy of the media, the G8 summits, the role of the Prime Minister, there are endless summits, and you have really got to have a bigger, stronger centre to back up the kind of new role that a Prime Minister plays in this global world rather than the traditional one which you have described and could be true of the Fifties and Sixties. Are you not out of date on this?

Baroness Hogg: I was very interested in the evidence of one of your witnesses—and I am sorry but I cannot remember who it was—who reported—and I remember the same experience—their opposite number in the Kanzleramt saying “Whatever you do, do not go to our size, it is just sclerotic.” I absolutely agree with Jonathan that having a small Number 10 system, structure, number of people is critical, so the desire for a bigger centre I do not think is driven by that. Another analogy one of your witnesses gave was the gearstick and the driveshaft—I am not sure about the gearstick but if it is smaller than the driveshaft, you know what he was trying to say.

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Q321 Lord Rowlands: You do not think these changes in the world as it were, the media world and the global world, are in fact driving us towards a powerful centre?

Mr Hill: On the media point, if I may, I personally think that the 24/7 thing everyone talks, about is a complete red herring. That is used as a justification for the need to have lots of people who then spend their time feeding the monster. Personally I think that the relationship which has developed over a long period of time between the media and government and politics is too close, is not healthy and it is perfectly possible to have a situation where government is not constantly drip-dripping to the media and saying “We have got to do this because we have 24 hour news.” The issue of 24 hour news is to do with how you say stuff, it is not to do with what you say, so it is perfectly possible to have a different stance. I also think it is perfectly possible to get back to a position—which will make me sound extremely old-fashioned—which obtained when I first worked in Whitehall where statements were made first to Parliament. As a citizen it drives me mad constantly to be told what a minister is going to say tomorrow; I am perfectly happy to hear about what he said yesterday. The idea that we need to do this in order to keep up with the modern world I think is total nonsense but people have allowed themselves to be sucked into it and have not questioned it. I think one could actually revert to a more distant, remote relationship coming through Parliament really quite easily. There would be some bumps to start with and the media would not like it but actually it would soon settle down.

Q322 Lord Rowlands: Neither of you support a Prime Minister’s Department.

Baroness Hogg: A small Number 10 Office—I like the word “Office” and small sounds lean and mean, but just to show this is not at all old-fashioned, if you look at the whole debate that has been going on since the credit crash about the governance of financial institutions, that is all swinging back towards saying we have to strengthen boards. Exactly the same arguments applied there with some of the chief executives, they said “we have to take instantaneous decisions in 24/7 markets, we cannot be bothered with all this governance stuff”. Look where that got some, and look what people are thinking about now in terms of reinforcing structures of governance and, in parallel with the announcement point, you have disciplined rules about when things are announced, discipline about how things are decided, a requirement to take things properly through boards and have properly challenging boards. If that is not modern I do not quite know what is.

Q323 Baroness Quin: Some interesting comments were made about particularly the Treasury being shorn of its monetary authority and perhaps doing a bit of land-grabbing elsewhere. How do you perceive the relationship between the Treasury on the one hand and the Cabinet Office and Number 10 on the other? What should it ideally be and how do you see its evolution in recent years?

Baroness Hogg: Of all pieces that is probably the most subject to personality and relationship, the relationship between the Chancellor and the Prime Minister. That is always going to be a strong and important relationship even if, over the history of time, it has not always been a good relationship. If you look at the turnover of ministers in other departments statistically it is much higher than the Chancellor’s so that is going to be a core ministerial relationship, and whether there is a very strong minister on top of (in some way or other) the Cabinet Office will also vary enormously over time. That balance at ministerial level will change enormously. The role of the Treasury changes enormously. Of course, after taking the Treasury out of monetary policy, which was a big role, the Treasury then shrank quite a lot in size because of course it took itself out of macro prudential supervision as well, but now we have seen over the past year the Treasury growing enormously in size. I forget what recruitment to the Treasury has been over the last year, but it has been very substantial, so it is becoming bigger and therefore a bigger player again and it is focusing more on that area than on doing departments’ jobs for them in public spending, which is healthy. Once the Treasury starts trying to do the job of individual departments, you get a huge malfunction in the system which you need to address.

Q324 Baroness Quin: You were talking about the role of the Cabinet Secretary and the Cabinet Office and we are told that that works partly to the Prime Minister and partly to the Cabinet. I just wondered if there can be tensions between those two roles? Obviously if the Cabinet and the Prime Minister are in agreement on things then there is not a problem, but obviously sometimes, particularly when life is difficult, as it was in your period—there were a lot of political difficulties at that time and the Government did not have a huge majority and so forth—can the Cabinet Secretary be subject to almost a conflict of loyalty?

Baroness Hogg: Historically—and everyone who knows so much more will correct me—the Cabinet Secretary was described as responsible to the Prime Minister as Chairman of the Cabinet, though I notice some of the more recent definitions say responsible to the Prime Minister and responsible to the Cabinet as two separate lines. If you can see it as one line it is better in dealing with exactly the conflicts you

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describe, because the Cabinet Secretary is then advising as Chairman of this body, the Cabinet, and he will be less conflicted. That is not to say that there will not be extremely difficult issues if the Cabinet and the Prime Minister are up against each other. I know I am going to bore everybody with my corporate analogies but in companies too the general counsel, the company secretary, is responsible to the board and to the chairman—and in the same way when tensions arise there are conflicts but you hope that you have got in the task intelligent people who are there precisely to manage those conflicts and help the chairman manage them.

Q325 Lord Rodgers of Quarry Bank: Considering the role of the Treasury, in a Cabinet committee it has normally been the case that a Treasury minister was always present and would make a statement in contributing. In your time, how were the Policy Unit's views fed in, were they fed into the permanent secretaries of different departments, were they fed to ministers and were they fed into Cabinet committees themselves at that time? Would there have been any clear distinction between the Policy Unit's views being fed in in any of those ways or fed from the Cabinet Office separately?

Baroness Hogg: It would depend very much on the issue and of course it was a two-way process. We would hopefully serve the purpose of feeding back to the Prime Minister the views that were being articulated at Cabinet committees so the Prime Minister was not in any way blind-sided as to the views of people around the table at a Cabinet committee, so acting as a lubricant in the process of decision-making rather than a direct participant, as clearly the Policy Unit was not a direct participant in a Cabinet committee. That meant good pre-committee work, talking to a lot of people to make sure that as many people as possible were at a point of common understanding—maybe not agreement but common understanding. That goes back to the point about having a small unit which did only focus on a few key issues about which the Prime Minister had strong views—back to our debate about strategic—and felt that this particular issue was important within the context of strategic objectives he was pursuing.

Q326 Lord Lyell of Markyate: Did we have a minister for the Cabinet Office in those days? I cannot recall one. The Lord President of the Council, Tony Newton, seemed to fulfil that function, but as Lord President.

Baroness Hogg: Absolutely.

Mr Hill: There were ministers in the Cabinet Office though.

Baroness Hogg: There were and also you will remember all the debates over the role of Deputy Prime Minister which normally has association with the Cabinet Office as well. But there was not a common pattern throughout the period, you are right. Lord Newton was immensely important and an ideal person for that role, with a natural understanding of dispute resolution and the use of committees to achieve this.

Q327 Lord Pannick: Mr Hill, you mentioned earlier that the behaviour of special advisers is very different now to what it was—a tantalising observation. Could either of you comment on the constitutional implications for us of this change?

Mr Hill: If perhaps I start by trying to summarise what I see as being the difference, which is by nature slightly imprecise because as we have already said quite a lot of these are grey areas. When I first became a special adviser I would describe the role as being that of a political private secretary and it was there to meet the need—which had crept up on Cabinet ministers, they were busy being Cabinet ministers—there was political stuff that they needed to do from time to time—visits, meetings, speeches, conferences—and they had no resource at all for doing any of that because the department, quite rightly, did not support any of it. A lot of the role that most of us performed at that time was what one would think of as being a Private Secretary sort of role and the association that a lot of people have nowadays with special advisers, some of whom I am sure are greatly maligned as being the spin doctor and all of that—I am not saying that some people did not talk to the media but it was not institutionalised and the volume, the quantity and the assumption that the political appointee was, if you like, an alternative source or channel of communication with the media and the outside world for the press office—it just did not operate like that. I would work closely with the press offices in the big government departments—which also by the way were tiny in those days too. I was at the DTI when there were four or five press officers, the Department of Health the same, the Department for Employment four—I do not know how many there are now but you could multiply that probably by three at a guess. The heavy lifting of the communications was left to the departmental press office, which was much more in the mould of a Government Information Office. If there were issues that one wanted to brief on—I would draft something and if the press officer felt that it was not appropriate for the department to stick it out, we would have a conversation and it would be stuck out on the party net. It was not written down but one sort of knew where the boundaries were and it worked. I do think that there has been a cultural shift and it did accelerate after 1997 where bright young people who

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wanted to be special advisers looked at role models, people looked to see who is successful, what have they done, how do I get on and whom should I emulate. There were certain behaviours towards handling the press and approaches to the press that were brought in, which were thought to be the way to go.

Q328 Lord Rowlands: Did Bernard Ingham play this role?

Mr Hill: This is indeed what people say but there is a difference in scale. I was making the point then about what was going on in each department. Clearly I accept that Bernard Ingham approached his briefings in a particular way but the scale and just the number of special advisers that there are do have some implications for your inquiry. Going back to the beginning of the session, in terms of holding people to account and the checks and balances one wants, part of it seems to me to do with some of the things we have been discussing about the Cabinet sub-committees and the rest of it and another aspect is to do with what are the proper boundaries of behaviour between publicly funded civil servants and political appointees. Those boundaries have shifted; I mean, on a rough numerical test I would guess that in the Eighties there were between 16 and 20 special advisers—I do not know what the latest figure is but I guess it is 80 or so—and within departments that has led to a shift in behaviour. My own solution, for what it is worth, is that if you were to go back to the situation that pertained in the 1980s of having one special adviser per department and say that you could have more but the party should pay for it because it is political activity, you would soon find you would address the exploding number of specialist advisers. I would consider that to be a healthy development.

Q329 Lord Pannick: Presumably the expansion in the role of the specialist adviser is precisely because the traditional Civil Servant would not recognise these functions as appropriate.

Mr Hill: In part it is that. In part it is also a sense, with which I have some sympathy, that the old style Government Information Officer went about his or her business in a particular way, in that they tended to wait for people to ask them and they were not selling the message. That of course is part of what has happened over time, and it comes back to my earlier point about the way in which the relationship between politics and the media has become unhealthy and too interdependent, and politicians have become too reliant and submissive.

Q330 Lord Peston: Broadly what you say corresponds to the facts, but, to put it into a perspective, is it not the case that government generally has become more political over the last 25

years or more? I still remember, in my early days in this House, a Government minister, when we were in Opposition, getting up and saying she would not knowingly appoint anybody connected with the Labour Party to any posts for which she was responsible. The House was so horrified that she never got away with it. That did not seem to be unacceptable to at least one person. You mentioned Prime Minister's Question Time. It has become a game rather than a serious attempt to ask questions of the Prime Minister. What is interesting about making it more political is that it probably works less effectively politically.

Mr Hill: Yes.

Q331 Lord Peston: In other words, if you want to win politically, you really want them to be so clearly political. I wonder what your general view is?

Mr Hill: I would agree with most of those points, except for Prime Minister's Questions—but I do not want to upset Baroness Quin again. I cannot speak for before 1985, but for the last 25 years there clearly has been a long trend towards more political behaviour. The possible advantage of having some more political input—but, again, it is a question of balance—is that it does enable officials to carry on doing the kind of traditional role that they have carried on. That is one advantage, but the question is how far on the spectrum one goes.

Baroness Hogg: We obviously cannot hope to go back to a world gone by. I cannot remember if it was Attlee or Macmillan, but there is that wonderful clip of them saying, "Have you anything to say to the press, sir?" "No, I don't think so." On the other hand, I would like to come back from a world where the Prime Minister is hounded if he will not tell everybody what his favourite biscuit is. I will, if Baroness Quin will forgive me for one moment, come back on Prime Minister's Questions. The value—again, rather like with AGMs—is not in what happens when they take place but in the preparation and in being forced to think about things in the preparation. I agree that the bear pit that then goes on is not edifying or illuminating, but it is the preparation that it forces Prime Ministers to make.

Chairman: Ginger biscuits! Lady Quin.

Q332 Baroness Quin: I am not a staunch defender of Prime Minister's Questions as being anything pleasant, I hasten to say. I agree really with what Lord Peston has said about that, in terms of it being something of a political game. It certainly does not seem to be about genuine questions and answers. I just feel that it has been a trend, over quite a long time, which is possibly related to the open nature of the question. In times gone by one did not ask the Prime Minister what his or her engagements were for the day and then follow it up with almost anything.

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That kind of question does increase the pressure, it seems to me, on the Prime Minister to try to know about everything that is going on across government. It focuses attention on the Prime Minister in a way which is perhaps also reinforced by the current media set up.

Mr Hill: I would agree.

Baroness Hogg: To clarify the question side would be great.

Mr Hill: This is linked with my earlier point. This trap that we have fallen into, where the Prime Minister *par excellence* but all ministers are supposed to be omniscient, is a huge mistake and leads to poor decision-making. I would love to hear someone say, "I don't know. I'll think about it."

Q333 Lord Wallace of Tankerness: Do you think, as some people have suggested, that there has been a trend to a more presidential style of prime ministership? As one of the issues we have been looking at, has there been a step change between pre-1997 and post-1997, so far as you are able to gauge post 1997?

Baroness Hogg: The danger is worse than presidential, because if you look at the US presidential system there is a strong check and balance in the separation of powers with Congress. The problem with the UK system—and I do not know how you would describe it, perhaps President plus—is that if Cabinet government, for the reasons we have all discussed, is not a strong check and balance—possibly it could be made more effective, but it is not strong—and we do not have sufficient separation of powers and things have been done to weaken the power of Parliament, then I would say it is worse than that.

Q334 Lord Woolf: I would like, if I may, to have the benefit of your views. In the situation you have described, of President plus, in particular—if I may take that—would you make any comment there about what some people see as a changed role of the courts in relation to government?

Baroness Hogg: I do not think I would have the temerity to do so. In fact, Lord Woolf, I would love to know if you think this is a stronger check and balance now—because I do hope so. When I read Peter Hennessy saying procedure was all the constitution we had, I felt rather nervous. Perhaps the courts are a bit more than that.

Q335 Lord Woolf: Mr Hill, would you like to make any comment?

Mr Hill: No—above my pay grade, I am afraid!

Q336 Lord Morris of Aberavon: Lady Hogg, you did compare the Prime Minister's role as powerful compared with that of the American President, where there are checks and balances. 30 or 40 years ago, the

Prime Minister's powers or the Cabinet's powers were described as an "elected dictatorship" you may recall.

Baroness Hogg: Indeed. That is a feature of our constitution, is it not?

Q337 Lord Rowlands: If the trend has gone that way of creating a kind of powerful centre—the Prime Minister and Cabinet Office and the Prime Minister's Department—to answer the checks and balances, if you did admit that was the case, you could then devise a proper system of parliamentary accountability to it. You could make it accountable to a Select Committee. You could make it directly much more accountable than it is at the moment. As you say, in a sense the power has accrued but not the accountability.

Baroness Hogg: I am sure this Committee is well focused on the issue of what can be done to strengthen the parliamentary check and balance which is enormously important. I am not sure it follows that you would want a Prime Minister's Department. The separation between a small Prime Minister's Office and a large piece of machinery of government, called a Cabinet Office, is effective and efficient as well, and can, if maintained in that form, help to maintain the right approach to some of the other constitutional issues of propriety that Jonathan has mentioned. I would not say, "Yes, let's remake Parliament and then we can have a huge Prime Minister's Office." I would still be wary of that.

Mr Hill: Your basic point that one needs first to acknowledge and recognise that there has been a shift is extremely well made. What has been happening is what normally happens in Britain: bit by bit things have happened and things have been plugged on the side. People have not gone back to principles and analysed the problem and then, as you say, worked out how best to address it. Recognising the shift would be a jolly good start.

Q338 Lord Rowlands: Both of you, having recognised that shift, would want to reverse it or change it, not towards a Prime Minister's Department but to the kind of solutions you have been describing to us all day?

Mr Hill: Absolutely.

Q339 Lord Rodgers of Quarry Bank: A very simple question—an obvious one which we have been discussing, but to put it in a final summing up—is: Does the Cabinet Office matter? And what about the Cabinet Secretary—does he or she matter?

Baroness Hogg: In my view, hugely. Maintaining a structure in which the role of Cabinet Secretary is important and attractive is critically important to good government. If one ceases to attract very high

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quality people to do that job, the centre would be greatly the poorer.

Q340 Lord Lyell of Markyate: You put your finger on it, Lady Hogg, when you emphasised the role, as it used to be, of Cabinet committees. One of the things we have not explored yet is whether that will still continue. My recollection—and law officers sat on a great many Cabinet committees—was that it was an extremely effective system. It really did resolve

problems between departments and bring in a great deal of information. Do you have any feedback on the present Cabinet committee system at all?

Baroness Hogg: I am afraid I would not dare express a view. My knowledge base is too light.

Chairman: Lady Hogg and Mr Hill, thank you both very much indeed on behalf of the Committee for joining us this morning and for the evidence you have given. You have been extremely generous with your time. Thank you.

 WEDNESDAY 4 NOVEMBER 2009

Present	Goodlad, L (Chairman) Lyell of Markyate, L Morris of Aberavon, L Norton of Louth, L Pannick, L Peston, L	Quin, B Rodgers of Quarry Bank, L Rowlands, L Shaw of Northstead, L Woolf, L
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Examination of Witnesses

Witnesses: SIR GUS O'DONNELL, KCB, Cabinet Secretary and Head of the Home Civil Service and MR JEREMY HEYWOOD, Permanent Secretary to the Prime Minister's Office, examined.

Q341 Chairman: Sir Gus and Mr Heywood, good morning. Thank you very much for joining us. We are being recorded. Can I please ask you, although it is entirely unnecessary, to formally identify yourselves for the record?

Sir Gus O'Donnell: Gus O'Donnell, the Cabinet Secretary and head of the Home Civil Service.

Mr Heywood: Jeremy Heywood, Permanent Secretary to the Prime Minister's Office.

Q342 Chairman: Could we begin by asking both of you what you think are the most important priorities constitutionally for this Committee to consider in pursuit of its inquiry into the workings of the Cabinet Office and central government?

Sir Gus O'Donnell: First of all, I very much welcome this inquiry and I have read the evidence with a great deal of interest, not least from my illustrious predecessors, which has been fun. I think it is important to note that constitutionally what matters is: are we producing better government outcomes? One of the things I would really urge you to look at is what are the outcomes from the process of government at the kind of centre we have had. There is a lot of talk about golden ages of the past and I sometimes think one needs to think back and associate that with outcomes. I learnt quite a lot reading Bernard Donoghue's diaries over the summer about the so-called golden age. Second, constitutionally it is very important to bear in mind the evolution of the role of Prime Minister. Things are changing and have changed quite considerably if you think about the number of overseas engagements that the Prime Minister has now. In the old days, I remember when I went into Number 10 for the first time in 1990. You would have a certain number of EU and G7 but now we have G20. If you look at the number of EU Councils, for example in the second half of this year alone the Prime Minister will be attending four EU Councils, some formal, some informal. The number of overseas visits for the Prime Minister has gone up. That is a trend of globalisation. Prime Ministers inevitably are going to be much more

involved in that global role and I think that is important. Prime Ministers come in all different styles and desires, so the Cabinet Office needs to be flexible. I would stress that there are times when you refer to two different departments. There is one department. Let me be absolutely clear. In 1990 when I arrived in Number 10, my payslip made it clear I was a member of the Cabinet Office. There is one Cabinet Office and Number 10 is a subset of the Cabinet Office. There are some eternal verities you need to bear in mind. The Cabinet Office has two core functions of supporting the Prime Minister and supporting Cabinet. The other part is strengthening the Civil Service which is what we have at the minute going on as a third core function. I strongly believe they all fit together very well but it has certainly been the case that in the past that has been separated out, Civil Service departments and the like. My reading is that that has not worked very well. I am a strong believer in keeping all of those together. Those would be my main themes to bear in mind in the evolving role of the Prime Minister. Another part to mention would be the media, just the proliferation of output for media and the fact that the correspondence team deals with a million letters a year, vast numbers of emails, online petitions, all sorts of things. I remember my days back when I was in Number 10 from 1990 to 1994. We were not blessed with those online features.

Mr Heywood: I would underline the point Gus is making about the evolutionary way we approach the task. I have worked in Number 10 off and on since 1997 and there have been two Prime Ministers who had different styles in many respects and some similarities. We found it important to be responsive to their changing styles, the way they wanted to work and of course the evolving priorities of the day. Obviously for the last year or so the financial crisis, the deep recession, has been a huge preoccupation for the Prime Minister in the way that it was not in Tony Blair's time. There was not the same challenge. We constantly ask ourselves: have we got the machinery exactly right for the challenges we are facing today?

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Q343 Lord Rodgers of Quarry Bank: Could I look further at the functions of the Cabinet Office and of Number 10? The Cabinet Office has a long history. The role at Number 10 is either new or obscure. Do we need a Number 10 Permanent Secretary? How has this evolved and, apart from the relationship between the Permanent Secretary of the Cabinet Office and Number 10, which is a very important issue, what is the role of the Principal Private Secretary? My memory is that there was a Principal Private Secretary and there was not one anywhere else. Why have we suddenly moved forward to a huge proliferation of roles?

Mr Heywood: Probably the biggest difference in some ways between the Blair Downing Street and the Brown Downing Street is that Tony Blair specifically had a Chief of Staff who was a special adviser, Jonathan Powell. Gordon Brown did not want to replicate that model. After two or three months of trying out the idea of having a slightly more junior person running Number 10 from a Civil Service perspective, I think he decided about six months in that he needed a more senior figure to run Number 10 in the absence of a Jonathan Powell type figure. That is the simple answer to the question. I was brought in not as a Chief of Staff, but as technically a second Permanent Secretary as the most senior person running Number 10 in the absence of the sort of special adviser model that we had under Tony Blair. After about three or four months of that, I quickly realised that I could not play that role satisfactorily whilst also being the old Principal Private Secretary, so I recreated that role. We have a chap called James Bowler, who is the Principal Private Secretary, who runs the Private Office of Number 10. I oversee the whole of Number 10 from the Civil Service perspective. I act as a sort of Senior Adviser to the Prime Minister day-to-day, working very closely with Gus obviously. I do not see that as a proliferation of roles. If anything, Number 10 has got slightly smaller in the last two or three years. From my perspective, I think it is a good idea to reassert the Civil Service being in the lead in Number 10 overall. I think that is a better model than the model from 1997 onwards.

Q344 Lord Rodgers of Quarry Bank: You have not exactly explained what you do. You said there has been a new role. Mr Blair wanted that, but what actually happened? You have the Cabinet Office and other advice that Number 10 wants. What do you do and if that went away now, what damage would be done?

Mr Heywood: I oversee Number 10-200 people. I make sure the Prime Minister has the advice and support he needs to carry out his multiple functions as head of government, Chairman of the Cabinet, Chairman of about 12 Cabinet committees, working as Gus implied very closely with the rest of the

Cabinet Office. This is not some completely separate organisation. I get a lot of support from the rest of the Cabinet Office. Gus remains the Prime Minister's principal adviser on significant issues. I think there is a case for having a senior figure in Number 10 who has the clout within Whitehall to advise the Prime Minister, give him difficult advice on day-to-day issues and that is what I spend my time doing.

Sir Gus O'Donnell: Basically, it is very important that Jeremy and I work very, very closely together with a strong relationship between us. Jeremy is an incredibly experienced civil servant, sparing his blushes, who I have complete faith in to be there, to deal with policy advice instantly all the time. I would see my role as much more strategic. We talk very closely about all of the policy issues and we make sure that the Prime Minister is getting the honest, objective advice he needs from the Civil Service. I think it works from my point of view extremely well. There are lots of things that I am doing. I am chairing committees myself in all sorts of ways. If you take things like the National Economic Council, a new committee the Prime Minister has set up, alongside the Prime Minister I sit on that committee but I am also chairing a group of permanent secretaries in the National Economic Council. There are lots of areas where I am doing those sorts of things, where it is important that Jeremy is available to be on hand to advise the Prime Minister all the time on a whole range of issues that might appear instantly. That I think is why it works so well.

Q345 Lord Rodgers of Quarry Bank: Of your relationship with the Prime Minister, would the Secretary of the Cabinet and you at Number 10 talk every day or every week? How far do you deal directly with the Prime Minister? If you talk to the Prime Minister, do you inform the Secretary of the Cabinet at the same time? I can see this as very complex but also rather bureaucratic. The Prime Minister likes a lot of people and more advisers but does it make it more efficient? If a new Prime Minister says, "I would like half of it chopped off" would much damage be done?

Mr Heywood: The Prime Minister has set up an open plan system in 12 Downing Street and operates a sort of war room. That is the wrong phrase but it is very open plan and immediate. I sit in that war room right next to him. I also have another office because obviously I have to deal with meetings which cannot be done in a public place. I am very much on hand pretty much all the time as necessary. I have a very good team. I have a principal private secretary. We have private secretaries who are excellent civil servants. I try to avoid getting involved in all the little minutiae that are going on when they can be perfectly well delegated down. Every day—certainly every week—you have two or three quite difficult issues

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which require someone of weight, seniority and experience to go to the Prime Minister's office and simply say, "This is very tough. These are very difficult issues"—disagreements between departments maybe or a decision that he wants to take does not make sense really. Sometimes I suggest that Gus comes and joins me for those meetings. Sometimes the device we use might be to suggest a bilateral meeting but we use whatever methods we need. Gus has a Civil Service to manage. He needs a situation where, if the Cabinet Secretary is going to get involved, it has to be a significant issue. I think there is a clear demarcation between really important issues of propriety or security or immensely difficult issues relating to individual personalities or whatever, where we keep Gus's powder dry for those. The day-to-day does require a certain gravitas and experience.

Sir Gus O'Donnell: Taking yesterday as a typical example, when I went in I called in to see the Prime Minister at 8am for a couple of things Jeremy and I had talked to him about. I had three meetings with the Prime Minister and other people during the day, so there are plenty of occasions when we get to talk and manage the big issues of the day but it is not, I stress, it cannot be, all the time. It should not be in my view. I should be very much more at the strategic level in the way that Jeremy has described.

Q346 Lord Morris of Aberavon: We have heard a great deal of evidence about the burden of the Cabinet Secretary. I think you just said, Sir Gus, that you believe all the roles should be kept together. Dr Heffernan told us that the role of the personal authority of the Cabinet Secretary has probably diminished in the past ten years. Professor Kavanagh said that the burdens are enormous. Peter Riddell suggested that Lords Butler, Wilson and Turnbull, the distinguished predecessors that you have mentioned, had a less direct relationship on the big, strategic decisions than would have been true, say of Norman Brook and Trend and Hunt. Some of those I remember vividly. All my dealings in those days, back in 1964, were with the private secretary. It seems now that we need a permanent secretary and in fact we have been told there are six permanent secretaries in the Cabinet Office. What is the role of the Cabinet Secretary? Has it gone up or down?

Sir Gus O'Donnell: In terms of strategic engagement, it has probably gone up a bit in that I am now the accounting officer for the security and intelligence agencies. Lord Turnbull decided not to do that and let somebody else do it. In terms of the things I do, advising the Prime Minister and being at his side for key meetings like the National Economic Council, the Democratic Renewal Council, the Domestic Policy Committee for example are the ones that he chairs and national security, international relations and development. Those are the big ones that come

to mind. It is important when you are in this job to delegate. You need to be clear that you want to be involved in the big, strategic decisions. The time I have been in this role has, to be honest, been dominated by economic issues. To me, it has been incredibly useful to have been a former head of the Treasury and to be an economist because that has been the big issue. Those have been the big, strategic questions, but also I was central in working on the advice on the Trident update for example and on nuclear issues. I think it depends on the style. It depends on the engagement between the individual Cabinet Secretary and the Prime Minister of the day as to how they use their Cabinet Secretary, but I would certainly say I am not short of things to do. I have not met Dr Heffernan. I have no idea what evidence he bases his view on but I certainly believe that I have all the personal authority I need.

Q347 Lord Morris of Aberavon: Leaving Dr Heffernan on one side, let me repeat what We have been told that the Cabinet Secretary now had a less direct relationship on the big, strategic decisions. You would not accept that?

Sir Gus O'Donnell: No.

Q348 Lord Morris of Aberavon: You did mention that you had become the accounting officer for the intelligence services. Lord Turnbull said, in view of the need to adhere to the Prime Minister's request to improve the secret services, what he did was to delegate the role of security and intelligence adviser to a senior permanent secretary. Have you clawed that back?

Sir Gus O'Donnell: There is a DG, one below permanent secretary, Robert Hannigan, who does that role for me but I have kept an oversight, a kind of strategic role. I am the accounting officer and I bring together the agency heads to look at issues that cut across the individual agencies. For example, the whole issue of funding across the agencies, collaboration between the agencies; are they working effectively together, those sorts of things.

Q349 Lord Rowlands: I was reading John Major's memoirs and he talks about the role of the Cabinet Office. When he published the public service charter, he went out to the departments and, as it says here, the departments are quite weak. Some of them did not really bother very much. He then turns to the Cabinet Office and the Cabinet Secretary to assert the authority of the centre. This is exactly what he said: "I was not the first Prime Minister, nor will I be the last, to find the Cabinet Office properly deployed an effective weapon in asserting authority and calling Whitehall to order." Is that still very much the role in the Cabinet Office of the Cabinet Secretary?

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Sir Gus O'Donnell: It is one of the roles most certainly. If a Prime Minister wants to impose something across departments, the issue that all governments will struggle with is the set of issues which cross departmental boundaries. I think Lord Butler said something about the constitutional issues in separate departments. Of course, the money is separate by departments, so if you want them to collaborate and in particular pool money they need a bit of bashing heads together quite often. When there is a strong desire from the centre to achieve a certain outcome, then Prime Ministers—you are absolutely right, John Major has done this, Tony Blair has done this and Gordon Brown, all in my experience—have wanted to get that message across.

Q350 Lord Rowlands: Prime Ministers have found the centre weak, have they, generally speaking?

Sir Gus O'Donnell: No. What governments of all kinds have found difficult is those areas where they cross departmental boundaries. When you are asking departments to give up something from their funds for the greater good of the Government as a whole, that is the difficult part. It is there where you need a stronger central machine.

Q351 Lord Rowlands: Is that the role of the Cabinet Office, the Prime Minister's Department or what?

Sir Gus O'Donnell: I stress the Cabinet Office is the same. Number 10 is part of the Cabinet Office. When it comes to doing that, there are times—Jeremy and I will talk about various things—when, to get this to work the most effective thing is for me to send round one of my letters to all my permanent secretary colleagues or to mention it on a Wednesday morning when we meet and say, "Look, the Citizen's Charter is very important. Let us get on with it. We all need to take this to hand." There will be other times when it is a kind of subset of departments. It is a policy issue and Jeremy will take that forward from the Number 10 end.

Q352 Lord Rowlands: What about the Delivery Unit? Is that an extension of the same thing?

Sir Gus O'Donnell: The Delivery Unit is one of the creatures of the centre. It has moved between the Cabinet Office and the Treasury but it was set up to allow the Prime Ministers, Tony Blair and Gordon Brown, to look at delivery in certain key areas and to say, "I have four really big priorities and I want to ensure this Government delivers them." Nowadays, the big things like climate change, obesity, all of these things, require departments to collaborate across those boundaries, so having a Delivery Unit that says, "Here is the objective. Here are the milestones", that works with departments—I stress this—to come up with an agreed set of progress measures as to how those departments are doing and where the obstacles

are, can be a very effective way of ensuring that those particular delivery outcomes are achieved.

Q353 Lord Woolf: In your role as head of the Civil Service, I assume that you are very concerned about the ethical standards of the service. That is very much a matter for you to focus on.

Sir Gus O'Donnell: Absolutely. Your question is very timely and I look to the Members of this Committee to help in getting those ethical standards in the form of the Civil Service values through in legislation, which I think has come from the Commons and you will be looking at. I urge you to support the legislation which will put the values of honesty, objectivity, integrity and impartiality into statute which is what Nothcote and Trevelyan asked for a mere 150 years ago. You have a historic opportunity to help me in this regard.

Q354 Lord Woolf: I have the background of being a Treasury devil and then becoming a High Court judge who was playing an active role in the development of judicial review. What I wanted to hear were your views on this: whether it has caused you concern. There is no doubt that judicial review has grown and the attitude of the courts has become much more intrusive. Quite apart from the attitude of the courts, it is sometimes said in legal services that one of the reasons why judicial review has expanded as rapidly as it has is that the attitude of advisers of government has changed to this extent: when I was Treasury devil, the attitude was if it is legally doubtful do not do it. The attitude now is if it is legally doubtful do it and then it will be stopped if you are not doing it right. What would you say about that?

Sir Gus O'Donnell: No. Our strong attitude is that it is absolutely important that we get legal advice. The importance of getting the legal advice has gone up quite substantially because of the existence and prevalence of judicial review. We do not want to be judicially reviewed and it is important for us to ensure that when we do a consultation exercise for example, which is something we did get wrong, that we are there and we think about all of these issues such that what we are doing is legal and would withstand judicial review. It has helped us at the earlier stages to say, "Look, it is more important than ever and we must get this right."

Q355 Lord Woolf: Obviously if it is an important matter of policy there does come a question as to whether the right thing to do is to say that, "because of the possible problems on judicial review, do we go ahead or not?". I wondered if there is guidance about to what extent you should steer off getting into situations where you may be confronted by judicial review.

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Sir Gus O'Donnell: Ideally we would not get into that situation at all but there are times when the legal advice is unclear. You just do not know. Some people are saying, "This is perfectly okay" and some others are saying, "We are not sure." As you will know—I should not be lecturing you on this—sometimes the legal advice is very unclear.

Q356 Lord Woolf: There is differing legal advice from different people?

Sir Gus O'Donnell: Indeed and that is the situation we have to handle.

Q357 Lord Woolf: You do not accept there has been any change in attitude?

Sir Gus O'Donnell: I would say there has been a change in attitude but it has been towards us having to be much more careful because of the growth of judicial review.

Mr Heywood: I cannot think of an example where ministers have knowingly taken a risk when the advice has been they are likely to get judicially reviewed. As Gus says, we are much more conscious of this nowadays than we would have been even ten years ago.

Q358 Lord Woolf: From my point of view, I am very pleased to hear what you have said. Now with legislation you have to deal with whether it is compatible with the European Convention on Human Rights. Is that always part of the advice that you give? Is guidance available to those responsible for giving that advice as to how they should approach that sort of issue?

Sir Gus O'Donnell: Absolutely. When you are doing any piece of policy advice, it would be a foolish civil servant who did not consult TSOL and get advice from Paul Jenkins and their in-house legal team. Nowadays it is not just human rights; it is all the plethora of EU directives. It is hugely important for us to be sure that what we are doing is legal and not subject to judicial review. That is one of the ways in which policy-making now is more difficult than I remember it being when I joined the Civil Service back in 1979.

Q359 Lord Lyell of Markyate: That leads very neatly into the whole question of co-ordination. You said, and I agree, that co-ordination across departments is very important in the Cabinet Office and that is certainly what I remember in the period leading up to 1997. This relates to two aspects. It can relate to major matters of policy and it can relate to particular problems. It seems to me that there has been quite a serious breakdown in both areas. Can I just check it on these? First of all, in relation to the Damian Green affair. Jeremy Heywood was saying that matters of propriety and security are really important. The idea

that one is going to get in the anti-terrorist squad to arrest a shadow minister, an MP and so on—it appears that the Attorney General was not consulted. Neither was the DPP or any of his senior advisers. The Home Office legal department does not seem to have been consulted. The Cabinet Office legal adviser does not seem to have been consulted and nobody seems to have informed the police that a large part of this area dealing with Mr Galley had been decriminalised by Douglas Hurd in 1989. Can you explain what went wrong?

Sir Gus O'Donnell: I can assure you that we do understand what Douglas Hurd did with the Official Secrets Act 1989. I will point you to what the Johnston Review said: "We now"—I emphasise the "now"—"know that the leaks attributable to Galley were not national security related." We were having leaks, some of them related to national security. It is quite clear they were coming from someone who had access to and was very close to the Home Secretary and there were some issues which related to whether national security papers were getting out there. David Davis, when he was speaking to the BBC in November 2008, this is to do with leaks: "Our job, when the information comes to us, is to make a judgment. Is it in the public interest or not? In about half the cases we decide not because we think there are reasons perhaps of national security or military or terrorism reasons, not to put things in the public domain." About half of the issues going to him were to do with national security, the military or terrorism. There was a serious issue. When we got the police to go in and discuss this, we did not know where it would lead. It is quite obvious that the Galley issues were not national security related. We have to hand over to the police. They make operational decisions. They certainly did not consult me about arresting an MP and if they had I would have given them a very blunt answer, I can tell you. We are very fortunate it was someone like Damian Green who has the highest integrity and I know Damian. He would not be putting dangerous material into the public domain. He would never do that. The issue is not anything to do with the interpretation. The question was there were risks that national security matters were getting out and I think we had good reasons to believe that. I am still worried about areas that are getting out. They will not always get to someone of high integrity who will handle them properly. It is quite apparent from what Mr Galley said—you will read it in the Johnston Report—the reason he was doing this was because he was asking for a job with the Conservative Party. It is quite clear that is what this was about. It is not to do with whistle blowing or anything like that.

Q360 Lord Lyell of Markyate: I am afraid you seem to have dealt with a large number of aspects which do not go to the central point at all. Surely the Home

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Office knew that none of the immigration material that was being released, which was their primary concern with Mr Galley and which was the only thing that was received by Damian Green—

Sir Gus O'Donnell: We did not know.

Q361 Lord Lyell of Markyate: Why did you not know?

Sir Gus O'Donnell: We did not know what Mr Green had received. How would we know that?

Q362 Lord Lyell of Markyate: Why were you worried about the leaks?

Sir Gus O'Donnell: We were worried about the leaks because we knew that there were some leaks we knew about which were from someone who was in a position and who would have had access to many other things. We just did not know what was getting out. Some things had emerged publicly, but others were getting to people and were not being used. That is not a situation where you can sit comfortably and say, "Oh, national security material is getting out there but fortunately no one has printed it yet, so I am going to be completely relaxed about it."

Q363 Lord Lyell of Markyate: I just cannot understand you. You were worried about Damian Green because he was asking a lot of highly pertinent questions and you were concerned that somebody must be leaking him highly pertinent information.

Sir Gus O'Donnell: No. I was worried that there was some information getting out there from someone who might have had access to something which would have also given them access to national security material.

Q364 Lord Lyell of Markyate: Why did you not consult the Attorney General? Why did not the DPP and his senior advisers consult him?

Sir Gus O'Donnell: Once the issue goes to the police, obviously the police in conducting their investigation will work with the DPP. That is the way it goes. That is how they do their work.

Q365 Lord Lyell of Markyate: You mean nobody in the Cabinet Office gave any guidance on this at all?

Sir Gus O'Donnell: When we hand something over to the police, it is for them to handle. We do not tell them operationally. They do not tell us what they are doing. They did not consult us on arresting Mr Green and I can assure you, if they had, I would have said, "Do not be mad." It is an operational matter for them.

Q366 Lord Lyell of Markyate: Surely they needed advice from the Home Office as to what the leaks were? There was all this talk on the margins of

national security but there was not anything there, was there?

Sir Gus O'Donnell: The whole point was we did not know. That was for the police to investigate.

Q367 Lord Lyell of Markyate: Surely the Cabinet Office is in a much better position to take an overview and give assistance to the police than leaving the police, in this area of important interdepartmental affairs, on their own.

Sir Gus O'Donnell: I can assure you if the police had asked us for advice we would have given them every advice they wanted.

Q368 Lord Lyell of Markyate: They did not?

Sir Gus O'Donnell: No.

Q369 Lord Lyell of Markyate: Did you know that Jacqui Smith had asked for the police to be called in?

Sir Gus O'Donnell: It was a decision by the Cabinet Office to do it. I can take responsibility for it, certainly.

Q370 Lord Lyell of Markyate: Did the Cabinet Office go to their legal adviser?

Sir Gus O'Donnell: We considered the legal aspects of it, certainly.

Q371 Lord Morris of Aberavon: Leaving on one side the operational aspect, which I understand, before you send it to the police, it is at that stage that you should have taken legal advice. I gather from your replies that no legal advice—

Sir Gus O'Donnell: I had been involved in these things before. I knew exactly what the legal position was.

Q372 Lord Morris of Aberavon: Would this not be a new phenomenon? You do not often arrest a Member of Parliament.

Sir Gus O'Donnell: This is a misunderstanding. What we are doing when we are calling in the police is to investigate Mr Galley. We did not know who Mr Galley was then. We were investigating an unknown leaker inside the Home Office who was putting stuff out. Our concentration was on trying to find the leaker. We had no interest in who he was leaking to. That is not the focus of our attention. The focus of our attention is to find someone who, in violation of the Civil Service Code, is leaking material. If it were just the kind of material it turned out to be, that is a matter for the Civil Service Code. We could have dealt with that internally. We were worried there were

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some national security aspects as well. It turns out there were not but we did not know that in advance. That is why we went down the route we did.

Q373 Lord Lyell of Markyate: If I can switch to the more strategic aspects, when the Prime Minister took up post in 2007 he made a very big demarche on constitutional issues, one of which involved the Attorney General and he told the country that he had received an agreement by the Attorney General not to take any prosecution decisions. Why was he not told that no Attorney General has taken a prosecution decision in living or indeed far beyond living memory? They are consulted by the DPP but the DPP and the prosecuting authorities take those decisions. Why was that not brought to his attention by the Cabinet Office? Surely careful thought was given across the most senior areas of government including yourself before the Prime Minister went public on these major constitutional points?

Sir Gus O'Donnell: You are absolutely right. The Prime Minister was very interested in a whole range of constitutional issues. We had a very long Cabinet at which all of these were discussed at great length. The Prime Minister was talking about taking the Attorney General out of a specific subset of issues where the Attorney is involved, saying no longer would the Attorney be involved in those. That was an idea he was talking about and in the end you will see from the Constitutional Renewal and Governance Bill that that is not in.

Q374 Lord Lyell of Markyate: Other than where statute requires him to be involved, it was very important that he had never been involved. He really ought to have been advised on that, ought he not?

Sir Gus O'Donnell: I do not think so. I think he did have advice on that and there are differing issues about the extent to which the Attorney General should be involved or not in some of these things.

Q375 Lord Lyell of Markyate: Did he not understand the advice?

Sir Gus O'Donnell: He did understand the advice.

Q376 Lord Shaw of Northstead: Lords Armstrong, Butler and Wilson argued that the Office of the Prime Minister and the Cabinet are functionally distinct and that this distinction, in their view, remains very real. Would you share that view and should it stay that way?

Sir Gus O'Donnell: Yes. I think they are functionally distinct within the Cabinet Office and Number 10 has been for decades part of the Cabinet Office. That works well. Number 10's particular function is supporting the Prime Minister but of course, as Jeremy explained, when there comes a policy issue, they call upon the resources of the Cabinet Office.

The Cabinet Office needs to have that dual function of being able to support the Prime Minister through that role, but also support the Cabinet and do all the work on Cabinet committees and to sort out that whole range of issues. I mentioned the importance of the EU for example, where you have a number of departments trying to come to a particular position that they will want to take to Brussels for negotiations. There will be four or five departments which have slightly different views. The Cabinet Office ensures that the Government goes with a single position and it is an enormous strength of our system that we are able to do that and it helps us enormously in terms of EU negotiations to have that. Other countries, particularly those working with, say, coalition governments, quite often find that hard.

Mr Heywood: I think it is really important to get across this point that, although obviously Number 10 has a discrete role and a discrete identity within the Cabinet Office, the border between the two is very porous. Many of the Prime Minister's top advisers are located in the Cabinet Office. Obviously there is Gus himself, Jon Cunliffe, Simon McDonald, Robert Hannigan all have important personal roles as senior advisers to the Prime Minister. I personally came back into the Cabinet Office in 2007 to be his adviser on domestic policy and strategy. You have a situation where quite a lot of senior advisory staff are located in the Cabinet Office supported by the Cabinet Office secretariat. As I said earlier, the Prime Minister chairs a lot of Cabinet committees, so a lot of the work the Cabinet Office does in supporting Cabinet government and the Cabinet is actually working for the Prime Minister in that particular role that he fulfils. I think he chairs something like ten or maybe even 12 Cabinet committees. Certainly one of the biggest changes we have seen over the last two or three years is the extent to which the Prime Minister's diary is now quite significantly dominated by longer Cabinets and by several major Cabinet committees that he chairs, often two or three a week. There is a large amount of work required to prepare for those, to prepare the papers for them and to brief him up and so on. Again, you see the apparently clear distinction between the Prime Minister supported by Number 10 staff and the Cabinet Office supporting the Cabinet, that just does not capture the reality of the situation. The number of people working on policy issues in Number 10 is about 20 or 25 so obviously they are not going to be able to cover the whole range of government business. Whenever the Prime Minister needs advice on a specific issue that has come up—whether for PMQs briefing or a select committee, the Liaison Committee or for international negotiation—obviously he has to draw on the Cabinet Office and the departmental system. It is very important to understand these distinctions. It looks good on paper but in practice it is much more tangible.

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Q377 Lord Shaw of Northstead: Clearly when you have two powerful bodies like that working together, one hopes obviously, sometimes they may not be entirely in agreement. Who gives the lead when a situation arises of a difference of opinion between two departments?

Sir Gus O'Donnell: There are not two departments. I stress there is one department. There is one Cabinet Office of which Number 10 is a subset.

Q378 Lord Shaw of Northstead: Which is the superior?

Mr Heywood: Gus is the boss.

Sir Gus O'Donnell: I am the boss in that sense but prime ministerially of course the Prime Minister is the Prime Minister and he is the Chair of Cabinet, so when it comes to it the Prime Minister is the boss.

Q379 Lord Norton of Louth: Obviously people in Number 10 relate to the Prime Minister. You as Cabinet Secretary answer to the Prime Minister. There are more people in the Cabinet Office now who also advise the Prime Minister, who chairs a lot of Cabinet sub-committees. You are also Cabinet Secretary and I am just wondering what the role is of the Cabinet *qua* Cabinet in relation to what goes on within government. There are policies emanating up through the Cabinet and sub-committees. The Prime Minister chairs the Cabinet but to what extent does the Cabinet have a discrete and independent role in the process of government?

Sir Gus O'Donnell: For example, in relation to Cabinet, I will put forward to the Prime Minister a suggestion as to what the agenda should be, what the topic should be on the various Cabinets that come up and say, "Look, I really think we need a discussion on this because this Cabinet committee has got stuck on something and we should take it up to Cabinet. This is an important new policy. We need to make sure everyone understands the nature of it", so you take it to Cabinet in that way. That is the first part. It is the mechanics of Cabinet and we oversee agenda, minutes and all of that. Secondly, there is a very informal role out of Cabinet. There is a lot that goes on before and after where I am there and I discuss various issues with Cabinet members who might say, "Have we thought about having a Cabinet committee on such and such an issue?" or where certain issues in their view are not being handled as well as they might be, or wanting to try and unlock some logjam to see whether they can solve this, increasingly trying to find ways to work across these departmental boundaries. Our system does create strong departments, which is good in my view but, when it comes to issues where you want departments to go for a goal which they all agree on but they are all required therefore to put money into it, that is the hard bit.

Q380 Lord Norton of Louth: What if you had something you regarded as having to go before Cabinet to get approval for that government wide application?

Sir Gus O'Donnell: You try not to take all those issues across the boundaries across Cabinet because there would just be too many. I would strongly agree with Baroness Hogg when she said it is too big a body to be doing that all the time. You try and sort that out at Cabinet committee as much as you can.

Q381 Lord Norton of Louth: Would your role be to make sure that certain decisions are taken within Cabinet if there was an inclination to take them, say, bilaterally? You might say to the Prime Minister, "This is appropriate for full Cabinet"?

Sir Gus O'Donnell: You try as much as you can to get a really important Cabinet committee. For example, in the past year it has been dominated by economic issues, so the National Economic Council has been hugely important and that has a number of members on it. You would try and get decisions there and then Cabinet would know about them. It is one of the paradoxes. I was thinking about this. If you think of some of the most important decisions that have been made throughout the last 40 or 50 years, they are in the form of decisions that come out of Budget decisions. Cabinets tend to get notified about Budget decisions as opposed to consulted, although there is quite often trilateral discussion between the Chancellor, the Prime Minister and the department about specific issues. There is an element of the way our government operates that Cabinet gets notified about rather than being completely in on. I think that is inevitable with budgets, but it is an interesting feature.

Q382 Lord Rowlands: You said that you have been reading our evidence and you will notice we have been trying to find out how much 1997 was a watershed and, since 1997, the difference in the Prime Ministers' styles. You both straddle this whole period and I wondered whether you could observe whether it was a watershed in the sense of government relationships and Prime Minister and Cabinet relations?

Sir Gus O'Donnell: It is something that might seem light hearted but it is quite important. The pre-and post-1997 era is differentiated by one thing: small children in Number 10. That has been there for the two Prime Ministers. It was not there before. It does change the atmosphere of the place, believe me, and it grounds you in a way.

Q383 Lord Rowlands: Policy as well?

Sir Gus O'Donnell: It brings you down to earth. It has changed a lot and I think it is quite interesting having young children around. In terms of pre and post,

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obviously the style of the Prime Minister is very important. I worked with John Major who had a very collegiate style. He used the Cabinet committees in that way. Tony Blair, when he came in in 1997—not that I was there at the time—had a strong emphasis on stock takes and delivery. He wanted to get specific deliveries on things like literacy and numeracy, specific items. That was his very big emphasis. With Gordon Brown coming in as Prime Minister, it is difficult to separate him coming in from global events. It has been dominated by an economic agenda and that has worked mainly through the National Economic Council. What this tells me is that it is partly the style of the Prime Minister, partly events. This is what I mean about being flexible. You need to respond to what the big issues are. Obviously as we speak, the big issues for the Prime Minister are things like Afghanistan, a huge issue, hence the importance of the committees. That is a really big factor. With John Major, I remember huge importance being given to the Gulf War, but obviously that was relatively short and that did not happen later.

Q384 Lord Rowlands: Baroness Hogg told us that the Cabinet Secretary played almost no part in the great economic crisis of that government.

Sir Gus O'Donnell: In terms of the ERM?

Q385 Lord Rowlands: Yes.

Sir Gus O'Donnell: That was primarily a Treasury policy. You are right, but there was certain advice going to the Prime Minister about that. If you remember I was press secretary at the time of the CBI speech and all the rest of it. The Prime Minister was obviously very involved on the day I remember it quite vividly. I am in the back of the TV shot behind Norman Lamont and if you look over my shoulder you will see a young special adviser to the Treasury, one David Cameron. They were quite interesting, momentous days. We were involved but, yes, it was a Treasury lead obviously.

Mr Heywood: I was upstairs eating pizza trying to work it out, since I was Norman Lamont's principal private secretary at the time.

Q386 Lord Rowlands: How much do you think 1997 has been a watershed?

Mr Heywood: I joined Number 10 a few months into the Tony Blair premiership, so I was not there for the exact transition. I do not quite know how it felt. The biggest change is that the size of Number 10 has increased significantly compared to the mid-1990s. I suspect Number 10 was run down slightly towards the end of the Major administration but nevertheless under any criteria it has definitely increased in size. It varies from phase to phase. The most vivid memory I have in some ways organisationally of the Blair

administration is that he did not really start getting interested in public service delivery until 1999, 2000 and 2001. You remember the two years of public expenditure restraint. Then there was a big fanfare when the taps were turned on. There was a big increase in public spending, particularly for the NHS, schools and so on. After a couple of years, public expectations had gone ahead of reality and the concern in Number 10 was: "where is the delivery on the ground?". That is when we really started thinking in 1999, 2000 and 2001: "do we have the apparatus in place in the centre to make sure that, once policy has been agreed and once targets have been set, it is happening on the ground?". That is when we started thinking about creating a Delivery Unit, which we went on to do, and also creating a Strategy Unit which was designed to challenge conventional thinking inside Number 10 as to whether the whole framework of policy was wrong. That was probably when we had a spurt of Prime Minister induced reorganisation in the centre. That did not really come until 2000/01, probably after the 2001 election. You did not have the whole of the Blair administration being like that, Brown like that and Major like that. It changed over time as the priorities changed. Blair's second term was dominated by public service reform and we organised ourselves at Number 10, with the Cabinet Office as well, to better equip ourselves to advise the Prime Minister on that issue. Similarly under Gordon Brown, we have ended up with a different set of priorities given the different, changing, global situation. We have put much more emphasis on the economic side and obviously he came with that background as well, so probably he has more interest in those sorts of issues than his predecessor might have done.

Q387 Lord Rowlands: Tessa Jowell described this as a kind of electoral cycle. At the beginning you had a new Prime Minister, a new set of ministers who had no previous experience in government, very much driven by impatience to get on with it. Then gradually over ten years you have had a reassertion of departmental government. Ministers have now become more self-confident. How much is personality a determinant in this whole relationship with the Cabinet Office and the Prime Minister's office?

Sir Gus O'Donnell: There is a personality element. There is also something people forget. When Tony Blair became Prime Minister, he became Prime Minister not having had ministerial office. When Gordon Brown became Prime Minister, he had been ten years as Chancellor, so he had a lot of experience. When John Major became Prime Minister, he had had one year as Chancellor and some other ministerial posts before that. Margaret Thatcher had very limited experience on arriving in the post. It is

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not like the kind of hierarchy we would have in the Civil Service where you take more senior jobs, you move up through the ranks and you have experience of lots of different things, then you finally get to the top. It is different. We will have to cope with whatever future Prime Ministers' backgrounds are and adjust to those. This is why I stressed at the start that the issue for me in terms of a Cabinet Office that works effectively and a Number 10 that works effectively is flexibility to handle the different styles and desires of Prime Ministers and the different events of the day.

Q388 Lord Rowlands: Would the Cabinet Secretary have been sitting on the famous government sofa most of the time?

Sir Gus O'Donnell: Taking notes, making sure it is properly recorded? I much prefer seats where I can take notes more effectively than sofas which make it rather more difficult.

Q389 Baroness Quin: Mr Heywood, you said in your opening statement that you asked yourself and others asked themselves whether or not they had got the machinery right. I imagine asking such questions is not particularly easy when there is a very difficult and challenging economic climate and also a difficult political climate as well. How much are these questions being asked and are there weaknesses in the current role of the centre that both of you would like to see addressed?

Sir Gus O'Donnell: The obvious thing for me was when it became clear that there was a serious economic crisis. We set up the National Economic Council. In a sense, we did it quite explicitly on a war footing. This was a crisis. We needed to operate urgently. This was the kind of thing where, as I think Mervyn King and others have made clear, the banks were within hours of just collapsing completely. You could not deal with this as you would a normal policy area, where you take the time and write learned papers. This had to be dealt with urgently. We put NEC inside COBR, so we met there to be able to get on the screens. Going back to my memories of the ERM, one of the things was the fact that we moved out of Number 10 into Admiralty House and getting hold of a Reuters screen and finding out what was happening to the exchange rate was difficult. Being in COBR and having on the screens real time what was happening in the markets, understanding that and getting people aware that this was quite urgent, sometimes we would have to operate very, very quickly. Normally in economic policy you have more time and there are set pieces like pre-Budget reports. This needed really urgent action, asset protection schemes, the kind of thing you have to get right really quickly. The Treasury was obviously in the lead in delivering these things but it was important to get cross-government buy-in to these big decisions

because you were talking about very, very large sums of money and very high exposures of risk to government and the taxpayer.

Mr Heywood: This is a very good example of how year-by-year, issue-by-issue, we have to ask ourselves the whole time: "are we fit for purpose?". It is discussion of which Cabinet committees we are setting up or closing down. It is what is the support mechanism within the Cabinet Office for servicing those committees. Alongside the creation of the National Economic Council, Gus has brought in quite a few people, economists and others, to service that Council, to write papers for it alongside the Treasury, usually jointly with the Treasury and so on. We have set up a Democratic Renewal Council and a Domestic Policy Council to drive forward elements of the Government's agenda and there are dedicated people working to those. That reflects the current government's policy priorities for its period ahead. Whether we have different priorities or the same priorities, we would have to look again at whether or not the existing machinery, the organisation of that and the sort of people in the Cabinet Office, was perfect. Obviously one of the biggest challenges the Government is going to have over the next two or three years is reducing the growth rate of public spending. I think there is a question mark as to whether exactly the same National Economic Council support system would be fit for helping the Treasury deal with that challenge. We have not come to a conclusion on that but it is clearly one of the issues in our minds. One of the things I do, apart from running Number 10, is to sit on Gus's Cabinet Office Management Board and we are constantly asking ourselves: "what are the priorities over the next five years? Is the organisation correctly organised? Fit for purpose?", just like any normal organisation would horizon scan and work out what the challenges are. Right now, I think we are organised well for the task we have to do but I am sure it will change over time.

Q390 Baroness Quin: Is it the Management Board that considers these issues on an ongoing basis or is it some other type of machinery as well?

Sir Gus O'Donnell: It is the Management Board that would look at these things. We would meet with our Cabinet Office ministers as well to get their strategic priorities. We would also not necessarily wait for a board meeting if there was something urgent and it was quite apparent that we needed to get on with it. We would just do it. We have the flexibility to be able to move very quickly if necessary, but ideally when you are thinking strategically we know that the challenge of the next three to four years is to get the budget deficit down. The Government's proposals are to halve the deficit in the next four years. That will require some really tough choices to be made and we

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need to think about how to work with the Treasury and departments to achieve that.

Q391 Lord Peston: All the details you have given us I have found absolutely fascinating. You have not said a word on what this Committee is most concerned about, which is was there a new era of constitutional change initiated in 1997? Whenever you are asked you give us some detail or other or some interesting story, the central question is the one I have just asked: was there a new era starting then? Leave aside whether it was a good or bad era. Was there a new era of constitutional change initiated?

Sir Gus O'Donnell: In formal terms, constitutionally nothing changed. Cabinet carried on and the Cabinet committees. What you saw—and this is what we were trying to get across, which is why we have used anecdotes to tell you—was a change in style of the Prime Minister and a change in desire to do different things. The machinery adapted to meet the desires of that Prime Minister, as it will always do.

Q392 Lord Peston: That is what you have just said before. You have been saying it regularly now for over an hour, but that is not what our Committee is here to look at. We have had witnesses who have told us there was fundamental, constitutional change. It does not mean someone put their hand up and said, “I am about to start some constitutional change here” or anything like that.

Sir Gus O'Donnell: Give me an example of one constitutional—

Q393 Lord Peston: It is important to us that we are able to answer this question.

Sir Gus O'Donnell: I am not aware of any fundamental, constitutional changes that took place in 1997.

Q394 Lord Peston: Your answer is that this did not start a new era of constitutional change? You added “I am not aware”.

Sir Gus O'Donnell: In my opinion, there were no constitutional changes in 1997.

Q395 Lord Peston: And thereafter?

Sir Gus O'Donnell: And thereafter.

Q396 Lord Peston: Is that your answer as well?

Mr Heywood: It is. Obviously there are detail changes.

Q397 Lord Peston: We have agreed on that.

Mr Heywood: I mentioned earlier that the Blair administration put a special adviser in charge of Number 10 and there was an Order in Council which gave that special adviser the right to instruct civil servants. That was a constitutional change in the

sense that, in the grand sweep of the British constitution, something that is there for ten years has now been reversed. I do not think you would want to argue that marked a fundamental, constitutional watershed.

Sir Gus O'Donnell: I put in the word “fundamental” in my answer when I said no.

Q398 Lord Peston: If I were not an economist but teaching the subject of the Constitution, if I wanted to give a lecture entitled “The constitutional changes”, you would tell me not to give that lecture because I would have nothing to say?

Sir Gus O'Donnell: I think the students would be very pleased. It would be a very short lecture.

Lord Peston: That is at least your view. Now we know what it is.

Q399 Lord Pannick: We have a conflict of evidence about one particular constitutional change that was introduced. You may have seen the conflict of evidence between Lord Turnbull on the one hand and Lord Irvine on the other hand about the circumstances that led up to the abolition of the role of the Lord Chancellor and the associated changes in 2003. Lord Irvine has told us that “the Prime Minister had not received any or any proper advice” on these issues when the Lord Chancellor learned about them in early June 2003. To enable this Committee to assess the evidence and to make our recommendations about process within the Cabinet Office, will you—in particular Sir Gus as the boss—be prepared to disclose to this Committee, Cabinet papers that will indicate to this Committee what advice was given at the time to the Prime Minister, what preparatory work was carried out and who within government—thinking of the law officers in particular—was consulted?

Sir Gus O'Donnell: You have heard from Andrew Turnbull who was the Cabinet Secretary at the time of all of this. I would not want to second guess Andrew because he was there. Andrew will have explained what happened in terms of the process and I think he said there were certain constraints which meant that he thought the process was not as good as it should have been. In terms of the papers, I will certainly go away and investigate precisely what we can release with a view to being able to help the Committee as much as possible.

Q400 Lord Pannick: That is very helpful, if I may say so? Of course Lord Irvine was also there and that is the problem. Lord Turnbull has his recollection. Lord Irvine has his and I am anxious that we see as much as you are able to provide us to enable us to assess what happened and why.

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Sir Gus O'Donnell: Certainly. The one thing I hope we will think about, as you are interested in the Constitution, is that these were important constitutional changes. I hope we will think about outcomes. We do now have certain outcomes. We have an elected, independent Speaker of the House of Lords, Lord Chief Justice now head of the judiciary, judicial appointments made by an independent Judicial Appointments Commission and a Supreme Court now established to take over the role of the Judicial Committee of the House of Lords.

Q401 Lord Woolf: I think you have a strong case you can make out that good came out of it. For our purposes, where we are concerned with process, that does not really hit the core of the worry. This was a matter which should not have happened in the way that it did. Could it happen today? Would you let a decision of that scale be taken in the way that decision was taken?

Sir Gus O'Donnell: I think Andrew was very clear about this. The way that was prepared was by no means perfect. He tried to explain some of the constraints. I would hope that we have learnt our lessons from these periods and would try to do things better next time.

Q402 Lord Woolf: What has been put in place, if anything, to see that this does not happen again?

Sir Gus O'Donnell: For example, the Prime Minister thought about a number of constitutional issues. We had a long Cabinet on those. We prepared papers but, before we eventually came forward with what is now the legislation coming to the House, there was an enormous amount of consultation. We put out a very large document on constitutional reform and in the end, as a result of that, a number of the proposals were changed. It is a process of airing views and trying to get as much input as possible from as many sides as possible. That is a very important part of it. I would stress that, for the Committee, process is of course very important and good processes produce good outcomes. It is a mistake to ignore outcomes.

Q403 Lord Woolf: Unless you have the processes, outcomes could be produced which are unsatisfactory because the process was not fit for purpose.

Sir Gus O'Donnell: Absolutely. I agree.

Q404 Lord Woolf: You must not neglect the need to improve the process because you have outcomes which people will say are good outcomes.

Sir Gus O'Donnell: I agree, but also perfect processes do not guarantee good outcomes. They are necessary but not sufficient.

Q405 Lord Woolf: They help.

Sir Gus O'Donnell: They are necessary and absolutely essential.

Q406 Lord Norton of Louth: One of the points Lord Irvine made in his memorandum was he came up with an alternative proposition. At the end of the memorandum he says he understood that that was rejected after Cabinet on 12 June, not by Cabinet. It strikes me there is an important distinction there in terms of process. That relates to what I was saying earlier about making sure Cabinet is more involved in this type of activity. I think it relates to what Lord Woolf is saying about can there be a mechanism in place to make sure it goes through processes that would involve the Cabinet rather than being on the sidelines or out of the Cabinet?

Sir Gus O'Donnell: That is why I think it was very important and a very good signal that, when Gordon Brown took over as Prime Minister, his first Cabinet was a very lengthy discussion on constitutional issues with every member of Cabinet contributing. I remember it quite vividly.

Q407 Lord Norton of Louth: It is whether one can actually embed a process.

Sir Gus O'Donnell: That is a good question. We should think about whether there are ways we can do that.

Q408 Lord Morris of Aberavon: Could I return to one aspect only of Lord Irvine and the Lord Chancellorship and what we have just heard from Lord Pannick? I fully understand when somebody is being moved to change. The personality and interests of that person are always an issue. What I am concerned with is the very narrow point of the lack of consultation which is apparent between the Cabinet Secretary or anyone in central government with the Permanent Secretary of the Lord Chancellor's department. It does not sound to me like joined up government.

Sir Gus O'Donnell: Andrew Turnbull was cabinet secretary at the time. You have had him giving evidence. I do not think there is anything I could add to what Andrew has said. He would have been involved in it.

Q409 Lord Morris of Aberavon: We take it from your earlier answers that the machinery is in place. It would not happen in this way so far as the cabinet secretary and the permanent secretary are concerned?

Sir Gus O'Donnell: As I think Andrew said, I would very much want to learn the lessons of that and make sure that we did not do that.

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Q410 Lord Lyell of Markyate: Can I come back to the point you were making that we should concentrate on outcomes very much more? For example, in the fields of health and education, you mentioned the word “targets”. Can you give us an example of outcomes which illustrate the point that you are making?

Sir Gus O'Donnell: If you take for example the earlier work of the Delivery Unit, they concentrated on specific areas that are highlighted in Michael Barber's book on delivery. They looked at specific outcomes with regard to the areas of education, literacy and numeracy and, in the areas of health, waiting times and the like and specific requirements to try and get down those maximum waiting times. By concentrating attention on those they achieved those targets.

Q411 Lord Rowlands: Jonathan Powell in his written evidence simply said that Cabinet government has been dead for a long time. Is he right or has it been resurrected?

Sir Gus O'Donnell: I would point to what Baroness Hogg said, which goes back to the 1990s, when she said Cabinet is a very big body and not every decision goes through it. My experience is that you cannot have a group that large. When people are talking about, remember, size does not change very much. In 1990 there were 19 people in Cabinet and now we have 23 with some others attending. It is too big a body to be a decision making body on all of the issues. You have to be strategic about what goes through it and you have to make sure that it covers some of the important issues of the day. Cabinet has a lot of updates for example on what is happening in Afghanistan at the moment and takes the big issues. I am not entirely sure about this golden era, particularly having read Bernard Donoghue's book. I think some of the issues about what was there in the 1970s might not be remembered. They just emphasise—

Q412 Lord Rowlands: They produced good outcomes.

Sir Gus O'Donnell: *Plus ça change, plus c'est la même chose* is my view, having read that.

Mr Heywood: I think it partly depends on whether you mean Cabinet government as a meeting once a week or Cabinet government as a set of principles. Sitting where I do, the idea that we do not strive at every stage when there is any significant policy to make sure that all the Cabinet departments and Cabinet Ministers with a responsibility have every opportunity to debate, discuss, disagree, agree and we do not announce a policy unless everyone with an interest has signed it off and everybody is then bound by the principle of collective responsibility is alive and well in Whitehall. It just manifests itself in

different ways. Every single decision coming through one meeting a week at which there are 20-25 people is not a test of whether Cabinet government is dead.

Q413 Lord Rowlands: The concept of collective responsibility, you say, is alive and kicking?

Mr Heywood: Very much so.

Q414 Lord Rowlands: The idea that the Prime Minister can announce something in a speech and half the department would not have known what it was about could not and does not happen?

Mr Heywood: That will very, very occasionally happen but I think everyone would accept that that is not what we should strive for. Gus has mentioned budgets. Budgets have always been treated slightly differently. We have touched a little bit on the machinery of government which is always more delicate. It is more difficult to discuss the abolition of departments in a collective forum. There are exceptions here and there but overall that is the business of what the Civil Service does. What I do, what Gus does the whole time, is to make sure that departments have every opportunity to stress test, comment about, disagree with, shape, reshape ideas that are coming forward so that, in the end when it is announced, everybody feels able to support us, whatever their personal views. That process is absolutely alive and well.

Sir Gus O'Donnell: The area where we probably need to do better would be when it comes to policy announcements in party conference speeches. Through the years that has been an issue.

Q415 Lord Rodgers of Quarry Bank: Prime Ministers like to slim down government from time to time and if a Prime Minister were to say that the Cabinet Office should be slimmed down by, say, one third, what would be your advice?

Sir Gus O'Donnell: The result would be that there are certain things we would not be able to do and some things that we might be able to do but to a lower quality.

Q416 Lord Rodgers of Quarry Bank: Like?

Sir Gus O'Donnell: It would depend. We would give options. Prime Ministers might decide that they wanted not to get involved in certain areas and stop doing certain things. That would be up to them and we would accommodate their views.

Q417 Lord Rodgers of Quarry Bank: Prime Ministers from time to time say to ministers and permanent secretaries, “You have to cut by five or ten per cent.” The choice is either you do it yourself or the like decides. I look at your Cabinet Office again and the Prime Minister simply says, “I am not going to give any particular advice. Slim it down.”

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Sir Gus O'Donnell: That is fine and we have been doing that. We have been living with a budget of minus five for a number of years now. We have been making ourselves five per cent smaller in terms of our budget for quite some time. It would just be extending that. I think the third figure you are talking about is by the end of the Parliament, so we would move to a slightly bigger number than five.

Q418 Lord Rodgers of Quarry Bank: You would slim down by people but you have to slim down functions.
Sir Gus O'Donnell: Exactly.

Q419 Lord Rodgers of Quarry Bank: Which functions?

Sir Gus O'Donnell: We will put options to the Prime Minister. It would not be for us to say, "Prime Minister, you are not going to do this any more." It would be, "Prime Minister, here are some options about certain things that we could stop doing and certain things we could do to lesser quality. How would you like us to manage this process?"

Q420 Lord Rodgers of Quarry Bank: That is a rather evasive reply.

Sir Gus O'Donnell: I would like to be more forthcoming. We could say, "Look, we are going to stop doing some of these things." I do not think there is anything we are doing at the minute that we could suddenly stop doing. If you just transfer the function somewhere else, I do not think that solves what the Prime Minister is after, because I would imagine in these circumstances he is trying to reduce the size of government, not the size of the Cabinet Office. Transferring things from A to B does not really help. You have to decide either to do fewer things or to do some things to a lower degree of quality.

Q421 Baroness Quin: We have not said very much so far about the relationship with the Treasury, which Lord Turnbull described as the San Andreas fault of government. I just wondered if you would like to make any comments on the evolving relationship? What has come over to me is that there has been something of a change in terms of the changing prime ministership in the last two or three years and I just wondered what that also meant in terms of any evolution of the relationship with the Treasury?

Sir Gus O'Donnell: It has always been an absolutely crucial relationship and it is one I have had the privilege to be close to. I remember my first job as a press secretary was being press secretary to Nigel Lawson, which was such a triumph that Nigel Lawson resigned within six weeks. I do not blame myself completely for that but that was a fall out with Number 10. If I remember rightly there was a special adviser in Number 10 that the Chancellor of the day was not happy with. It ended up with the Chancellor

and that special adviser resigning. These things go back a long way. There is always a creative tension between the Treasury and Number 10 which I think is quite healthy, but it is a very, very important relationship to get right. I have seen it close up with John Major working with Norman Lamont when Jeremy was at the Norman Lamont end and I was at the John Major end. I have seen it with Tony Blair and Gordon Brown and now Gordon Brown and Alistair Darling. These things evolve but it is hugely important that the two operate very effectively together and not least with respect to budgets that we have talked about. It is also quite helpful for the Cabinet Secretary to have had some experience of the Treasury, to know about the Treasury. The fact that Andrew Turnbull, Richard Wilson and Robin Butler all had Treasury experience is really quite important. The National Economic Council is a classic example where this was getting in that interface between the Treasury and the Cabinet Office. To make it work effectively, Nick Macpherson, the Permanent Secretary, and I just decided that we would co-chair it. At the officials level we will meet sometimes in the Treasury and sometimes in my office. We will alternate. It works extremely well and it is an example of the need nowadays for the centre to be very joined-up. That is hugely important as far as departments are concerned. There have been lots of issues about "how do we improve efficiency?"; "how do we cut back?". If they are getting one message from the Treasury and one message from the Cabinet Office, obviously it is very confusing for departments, so it is really important that we are as joined up as we can be, so we have joint board meetings with the Treasury for example, Cabinet Office and Treasury, to make sure that, when we are going to departments, we can minimise the burden to them of the centre asking them questions.

Q422 Lord Lyell of Markyate: To clarify the slimming down of the Cabinet Office, when you appeared before the House of Commons select committee you said you had peaked at 2,400 and then moved back to the core of 1,300. You said, "... so we have increased our efficiency but also transferred out what I would call non-core activities." Of that 2,400, how many still exist in some place or other?

Sir Gus O'Donnell: A number of these areas were transfers-out. Let me give you an example. The Government Car Service was in the Cabinet Office and I transferred it out to the Department for Transport. We earlier transferred out the Buying Agency, the Property Advisers to the Civil Estates, to OGC. Some of the functions, for example the Better Regulation Executive, the Shareholder Executive, were in this incubator form where we started them up in the Cabinet Office and then, as they were well established, we were able to move them over to the

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Department for Business. They are now with Business. To answer your question, there have been a number of transfers and the numbers within the Cabinet Office as a result have come down to about 1,300. There have also been some transfers in and we have started up some new things. It is quite a complicated story. I could give you a note which explains the numbers. When you try to look back on these things—I try to look back even as far as the seventies—you will get a view of the centre being bigger than it is now, but there are lots of classification issues to do with things like the Central Office of Information. If you would like a detailed note we can provide that, but there will be lots of footnotes to this because there are lots of things that move in and out.

Q423 Lord Lyell of Markyate: You will not be able to tell us whether 2,400 has come down to 2,399 or 2,100 or whatever?

Sir Gus O'Donnell: I can tell you how many people are in the Cabinet Office now.

Q424 Lord Lyell of Markyate: No, not in the Cabinet Office. You said a little earlier that just shifting people about does not slim down government.

Sir Gus O'Donnell: That is right.

Q425 Lord Lyell of Markyate: If you could give us a note which showed whether or not government had been slimmed down, that might be very helpful.

Sir Gus O'Donnell: I think overall, if you are talking about the Civil Service as a whole, I am very happy to do that. The answer is Civil Service numbers had been coming down for a long time until recently where, because we employed a lot more people in Jobcentre Plus, the numbers started to go up again, which I think is a very good thing given the work they are doing. Overall, the size of the Civil Service unambiguously is coming down and has been on a downward trend for quite some time.

Q426 Lord Rowlands: I can recall the old days when the Treasury seemed to have a lot of permanent secretaries. Now they have gone down but you have seven permanent secretaries or something in the Cabinet Office. Is that just permanent secretaries being transferred back and fore or what?

Sir Gus O'Donnell: No. For example, the Phyllis Report on communication suggested there should be a permanent secretary in charge of communications inside Number 10. The Butler Report said that there should be an independent head of the Joint Intelligence Committee, who should be very senior. "Someone in their last job" I think was the phrase that Butler used. Alex Allan is that.

Q427 Lord Rowlands: How many permanent secretaries do you have altogether? You have seven, have you?

Sir Gus O'Donnell: I think so, yes.

Q428 Lord Rowlands: It seems a lot for a Cabinet Office.

Sir Gus O'Donnell: What you have in Number 10 and what Prime Ministers want is very senior people because what you have to do is talk to other governments. John Cunliffe for example is the negotiator at G20. You will have seen talk about being "Cunliffed" and John managed to get that G20 in a day and a half to do what the G66 in the thirties took a month not to do, which was to start this process of world recovery. John is the second permanent secretary. When you are talking to your opposite numbers at head of government level, you do need to have some very senior people. We will always be a very top-heavy department.

Q429 Lord Rowlands: These would perhaps traditionally have been in the Treasury rather than the Cabinet Office?

Sir Gus O'Donnell: It varies. For example, in the Tony Blair era, he had people like Nigel Sheinwald and Kim Darroch on permanent secretary level from the Foreign Office coming in to do those sorts of specific prime ministerial envoy functions. Sometimes they would be in the Foreign Office; sometimes they would be in Number 10. These things move. The Treasury model was of lots of permanent secretaries in the Treasury who would then go off and run departments. I think that model is dead.

Chairman: Sir Gus, Mr Heywood, can I thank you very much indeed for joining us and for your evidence? We will, if we may, pursue one or two matters in correspondence with you. I was particularly pleased that you gave a positive answer to Lord Pannick and, as will become apparent tomorrow, we are pursuing the matter of the events of June 2003 further with Mr Blair and Lord Turnbull. We will be in touch and we are most grateful to you for the evidence you have given. Thank you very much.

Supplementary letter from Sir Gus O'Donnell KCB

Following my appearance with Jeremy Heywood to give evidence to the Committee on 4 November, I promised you some further information. Since my appearance you have also requested information about areas which, due to time constraints, it was not possible to cover on the day. The information is attached as detailed below.

- Annex A—Answers to questions not asked on the day.
- Annex B—Civil Service and Cabinet Office employment (FTE) 1997–2009.
- Annex C—Prime Minister's Office staff numbers 1998–2009.
- Annex D—Key moves in and out of Cabinet Office 1996–2009.
- Annex E—Additional information requested since my appearance.

I provided you on 1 December, with a note in respect of the announcement about changes to the role of the Lord Chancellor in 2003.

Annex A

FURTHER INFORMATION ON QUESTIONS 6–8, 11–13 AND 16

6. *Lords Armstrong, Butler and Wilson argued that “the Office of the Prime Minister and the Cabinet are functionally distinct”, and that “this distinction remains real, valid and important”, and “should be reflected in the continuing and future structure of the centre of government”. However, Lord Turnbull thought that “there is some danger in this” because “you will be inviting the Prime Minister to say, ‘I will create my own apparatus’ of “vastly inferior quality” to the support provided by the Cabinet Secretary and his staff. Where do you stand on this debate? (Committee is interested in Gus’ response to Lord Turnbull’s evidence here)*

The Cabinet Office has three core functions, the first two of which are: supporting the Prime Minister; and, supporting Cabinet. It is right that there is one Cabinet Office which includes the Prime Minister's Office as a business unit. There is, albeit somewhat artificial, a line between our supporting the Prime Minister and the Cabinet, but we try to allocate resources appropriately and efficiently whilst maintaining a service to both that is of the highest quality. Such apportionment can, of course, be varied in response to the priorities and style of individual Prime Ministers.

7. *Three former Permanent Secretaries told us that “the proliferation of units has made the Cabinet Office and No. 10 an over-large and over-crowded area”. Is it fair to describe the Cabinet Office as a “dustbin” or a “bran tub”?*

What is the justification for the disparate collection of strategic objectives listed in your submission residing within the Cabinet Office?

Your submission states that “the potential for confusion between different parts of the centre of government remains”, but that “a number of steps have been taken to address this risk”. Can you elaborate on these steps?

I do not agree it is fair to describe the Cabinet Office in such ways because the two core functions I described above, along with the third function of Strengthening the Civil Service, lead us to focus on the priorities of the Government of the day. Providing the support necessary to deliver the priorities of the Prime Minister and the Cabinet Office Minister does at times lead to a necessary widening of the strategic objectives, and consequentially, the functions of Cabinet Office. Our aim in such circumstances, however, is to incubate functions in the Cabinet Office which, when ready, can be transferred to a more permanent home. Recent examples of this include: Better Regulation Executive who are now located in BIS; DirectGov which started in the e-government unit and is now part of COI; and, the Office of Cyber Security which has recently been established in Cabinet Office.

When I arrived in Cabinet Office there were also a number of functions that did not necessarily fit well with our core functions and I have transferred them to other departments where the fit was more obvious. This included, for example, moving: the Government Car and Despatch Agency (GCDA), to the Department for Transport; the National School of Government (NSG) to become a Non-Ministerial Department; and, the Office of Public Sector Information (OPSI) to The National Archive. Annex D provides details of key moves in and out of Cabinet Office since 1996.

8. *Do you agree with Sir Robin Mountfield's suggestion that there has been too much "institutional tinkering" of Whitehall departments? What role does the Cabinet Office play in machinery of government changes?*

Tessa Jowell told us that she did not think that it is the responsibility of the Cabinet Office to ensure that any potential problems with a machinery of government change are identified before any change is made. Do you agree?

Does something akin to the Machinery of Government division of the Cabinet Office still exist, and if not, when and why was it abolished?

The shape of Whitehall changes as a result of machinery of government changes, which in themselves are brought about to support the priorities of the government of the day. The Cabinet Office role in machinery of government changes is part of our "business as usual" and hence is one of support, advice and co-ordination, including identifying potential risks. Support for machinery of government changes is provided in most part by the Domestic Policy Group.

11. *How would you describe the relationship between the centre and other departments in Whitehall? How has this relationship evolved?*

Relationships between the centre and departments are good and effective due to the ever higher degree of collaboration, whichever of the various modes are in play. These modes include: being a critical friend to provide a challenge to departments, and is one which Cabinet Office stakeholders find most beneficial; undertaking a policing role to ensure appropriate and necessary actions are taken consistently across departments; monitoring and gathering information and data on performance and delivery; and, co-ordinating and being an honest broker across government to maximise delivery of priorities. The centre and departments need to maintain a balance of influence and power that supports delivery without constraining departments from being innovative or leaders in their field.

The relationship has evolved and for example, the establishment of Units such as the Prime Minister's Delivery Unit, which exists to ensure that all departments can have access to the best advice on how to continually improve delivery. Similarly, the Capability Reviews that I put in place have provided support and opportunity for Permanent Secretaries to be challenged and informed by peers from both the public and private sectors with a view to enhancing leadership and delivery.

12. *Various witnesses have commented on the extent to which since 1997, the Prime Minister and the Office of Number Ten have become increasingly involved in the initiation and delivery of policy. Do you agree? What impact have such initiatives as the Delivery Unit or the Capability Review programme had on the relationship between the centre and departments?*

I agree there has been a greater involvement in the initiation and delivery of policy since 1997. This has resulted from the centre being stronger and more influential since then.

As I have noted above the Prime Minister's Delivery Unit and Capability Reviews have had a positive impact on relationships. The supportive nature of these two initiatives has led to a much stronger feeling of shared purpose and successful delivery. In support of "Capable Departments" we have recently undertaken a single Civil Service staff survey that includes embedding the staff engagement concept in the minds of the 97% of the civil service receiving the survey for completion. On the "Capable Leaders" front the more strategic inclusive approach to managing the Top 200 civil servants is providing a greater cohesion, and improved relationships, right across the civil service.

13. *Do you agree with Sir Robin Mountfield that there may be a "trend to a more presidential style of Prime Ministership"?*

The Prime Minister remains very much that: the Prime Minister who is head of his Cabinet; an elected MP who is responsible to Parliament very directly through PMQs and the announcement of policy through statements to Parliament. Equally we have the Head of State in Her Majesty the Queen. That said, there are global trends in this direction driven partly by world events over recent years, which have resulted in some high profile joint responses by many countries and delivered on a world stage. It would be difficult and the Government would be criticised if the UK Prime Minister were to be absent from the development and delivery of such responses.

16. *How would you respond to the concerns of some witnesses that the role of Cabinet Office Minister has not been an effective one in recent years? What is the nature of the Cabinet Office Minister's relationship with the Cabinet Secretary?*

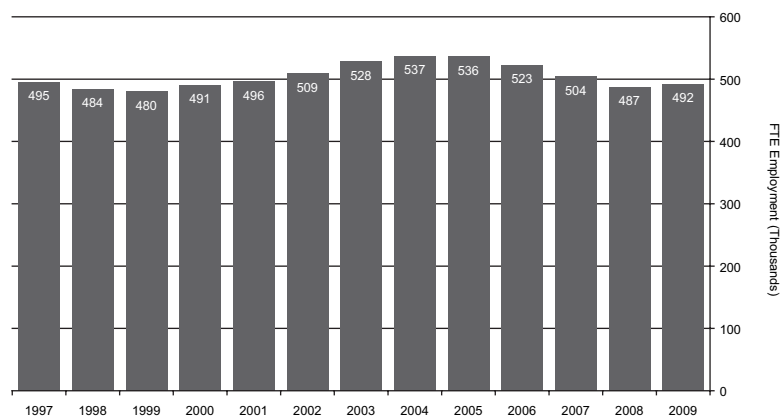
The role of the Cabinet Office Minister evolves in a similar way to the role of “the centre”. The three core functions of the Cabinet Office are about helping the civil service improve and develop, responding to new requirements and delivering some specific government priorities, such as the department's support for the Third Sector. The most recent edition of the List of Ministerial Responsibilities, published in October 2009, sets out the main duties of all Ministers.

The relationship between the Cabinet Office Minister and myself, in my role as Permanent Head of Cabinet Office, is no different to that of my Permanent Secretary colleagues and their respective departmental Ministers.

ANNEX B

Civil Service FTE employment, 1997-2009

Year	Civil Service FTE employment (thousands)
2009	492
2008	487
2007	504
2006	523
2005	536
2004	537
2003	528
2002	509
2001	496
2000	491
1999	480
1998	484
1997	495



Notes:
Data are as at end of June
Source: Public sector employment statistics, ONS

Year	Cabinet Office (FTE) employment			Total
	Core	Agencies		
	1300	1250	Central Office of Information (920), National School of Government (250), Parliamentary Counsel Office (80)	2550
	1210	1090	Central Office of Information (800), National School of Government (220), Parliamentary Counsel Office (70)	2300
	1400	1020	Privy Council (80), Central Office of Information (630), National School of Government (240), Parliamentary Counsel Office (80)	2420
	1740	760	Privy Council (80), Central Office of Information (680)	2500
	1770	840	Government Car and Despatch Agency (290) Central Office of Information (550)	2610
	1839	690	Government Car and Despatch Agency (300) Central Office of Information (390)	2529
	1950	650	Government Car and Despatch Agency (290) Central Office of Information (360)	2600
	2130	580	Government Car and Despatch Agency (280) Central Office of Information (300)	2710
	1870	660	Government Car and Despatch Agency (260) Central Office of Information (400)	2530
	1800	590	Government Car and Despatch Agency (230) Central Office of Information (360)	2390
	1561	1360	CCTA (203) Civil Service College (231) Government Car and Despatch Agency (230) The Buying Agency (131) Property Advisers to the Civil Estate (PACE) (186) Central Office of Information (349) Privy Council (30)	2921
	1064	1493	CCTA (170) Civil Service College (220) Government Car and Despatch Agency (225) The Buying Agency (134) Security Facilities Executive (SAFE) (475) Property Advisers to the Civil Estate (PACE) (190) Privy Council (33)	2557
	1027	1628	CCTA (176) Civil Service College (231) Government Car and Despatch Agency (224) The Buying Agency (136) Security Facilities Executive (SAFE) (574) Property Advisers to the Civil Estate (PACE) (201)	2655

Notes:

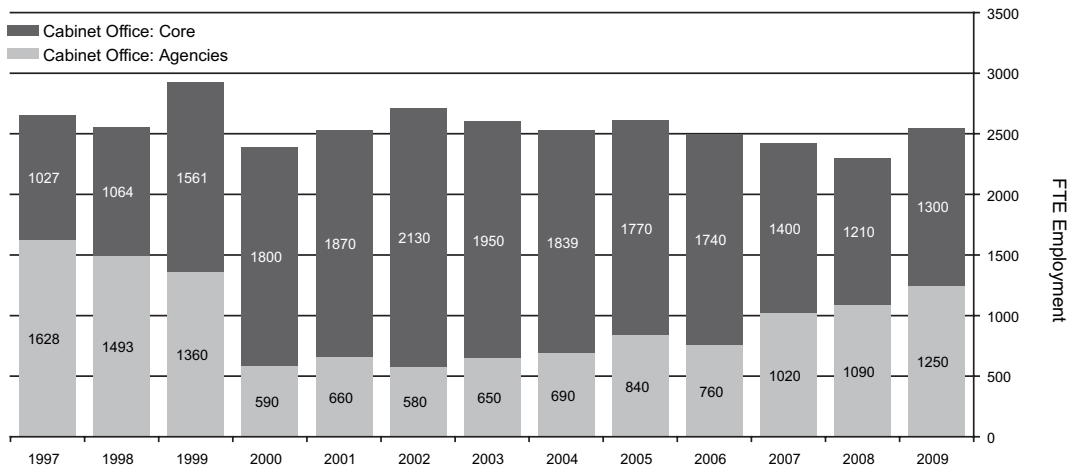
Data are as at end of March except 2009 which is end of June (latest available)

Where numbers do not sum, this is due to rounding

Sources: Civil Service Statistics 1997-2005, Quarterly Public Sector Employment 2006-2009 (ONS)

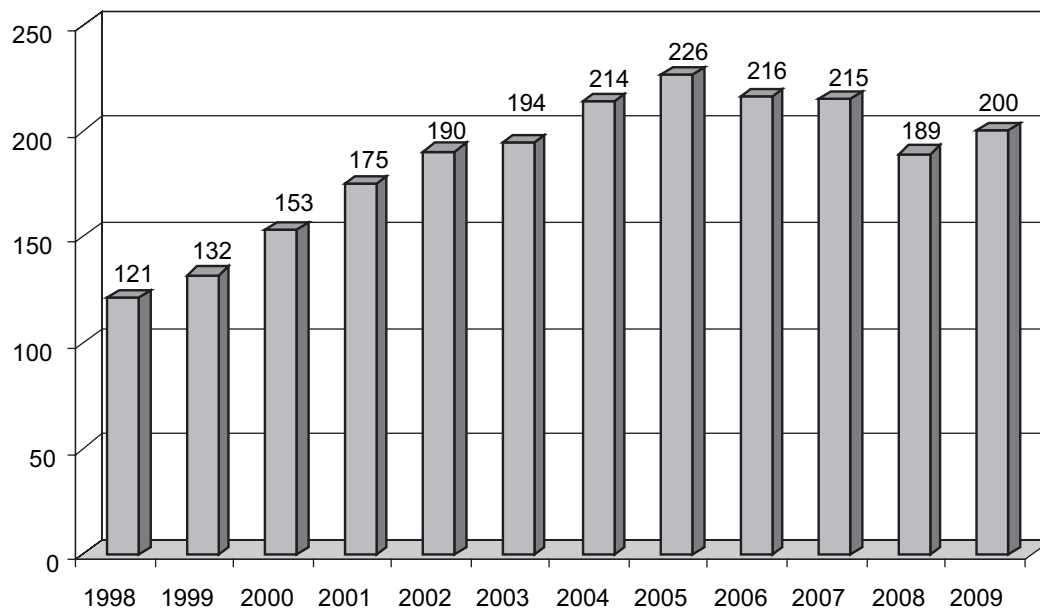
ANNEX B

Cabinet Office FTE employment, 1997-2009



PRIME MINISTER'S OFFICE
TOTAL STAFF NUMBERS ON PAYROLL
(1 APRIL)¹

	<i>Total</i>
1 April 2009	200
1 April 2008	189
1 April 2007	215
1 April 2006	261
1 April 2005	226
1 April 2004	214
1 April 2003	194
1 April 2002	190
1 April 2001	175
1 April 2000	153
1 April 1999	132
1 April 1998	121



¹ The headcount numbers reflect, in part, changes which have taken place in the functions that have been housed in the Prime Minister's Office during this period.

Annex D

KEY MOVES IN/OUT OF CABINET OFFICE FROM 1996–2009

<i>Group/Unit/Team</i>	<i>In*</i>	<i>Out</i>	<i>Notes</i>
Civil Service College (CSC)/Centre for Management and Policy Studies (CMPS)/National School of Government (NSG)	1995–96	2006–07	CSC became an Executive Agency in June 1989 CSC ceased to be an Executive Agency and transferred in as CMPS in April 2000 CMPS became NSG NSG became a Non-Ministerial Department in January 2007
Privy Council Office (PCO)	1995–96	2000–01	Became a department in 2000–01
Office of Government Chief Whip, House of Lords and House of Commons	1995–96		Transferred to the PCO in February 2006 Transferred in from the PCO in April 2007
Office of Public Sector Information including Her Majesty's Stationery Office	1995–96	2006–07	Transferred to The National Archives in October 2006
Competitiveness Division	1996–97	2007–08	Transferred in from Department for Trade and Industry (DTI) in June 1995 Transferred to DTI in May 1997
Deregulation Unit including Taskforce became Better Regulation Unit became Regulatory Impact Unit became Better Regulation Executive (BRE)	1996–97	2007–08	Transferred in from DTI in June 1995 BRE Transferred to Department for Business, Enterprise and Regulatory Reform (DBERR) in June 2007
Property Advisors to the Civil Estate	1996–97	2000–01	Transferred to the Office of Government Commerce (OGC) in April 2000
Secure Facilities Executive (SAFE)	1996–97	2000–01	Transferred in from Department of Environment in January 1996 Disbanded as an Executive Agency in July 1998 and remaining services transferred to Cabinet Office (CO)
Government Car & Despatch Agency	1998–99	2005–06	Established in April 1997 following separation from SAFE Transferred to Department for Transport in November 2005
The Buying Agency	1996–97	2000–01	Transferred to the OGC in April 2000

<i>Group/Unit/Team</i>	<i>In*</i>	<i>Out</i>	<i>Notes</i>
Women's Unit and Women's National Commission (see Equality Coordination Unit below)	1998-99	2002-03	Transferred in from Department for Social Security in August 1998 Transferred to DTI in May 2002
UK Anti-drugs Co-ordination Unit	1998-99	2001-02	Transferred in from PCO in 1998 Transferred to Home Office in June 2001
Prime Minister's Delivery Unit	1998-99	2007-08	Transferred to HM Treasury (HMT) in June 2007
Social Exclusion Unit (SEU)/Social Exclusion Taskforce (SETF)	1998-99		SEU established in December 1997 SETF transferred in from the Department of Communities and Local Government in May 2006
Office of E-Envoy/E-Government Unit/Transformational Government	1999-2000		Directgov Transferred to Central Office of Information in April 2006 e-Delivery team (part of E-Government Unit) Transferred to Department for Work and Pensions in April 2008
Regional Coordination Unit/Government Office Network	2000-01	2002-03	Established in April 2000 Transferred to Office of the Deputy Prime Minister in May 2002 Disbanded April 2009
Office of Deputy Prime Minister	2001-02	2006-07	Established in October 2001 Became a department in its own right in May 2006 Disbanded and residual activity came to CO in June 2007
Civil Contingencies Secretariat	2001-02		Established in July 2001 including Emergency Planning function from Home Office
Shareholder Executive	2003-04	2004-05	Established in September 2003 Transferred to DTI in June 2004
Central Sponsor for Information Assurance (CSIA)	2003-04		Established in April 2003
Office of the Third Sector	2006-07		Transferred in from the Home Office and DTI in May 2006

<i>Group/Unit/Team</i>	<i>In*</i>	<i>Out</i>	<i>Notes</i>
Central Competitiveness & Telecommunication Agency/Central IT Unit		2000-01	Transferred to OGC in April 2000
Government Social Research Unit		2005-06	Transferred to HMT in February 2006
Government Skills		2008-09	Transferred to Department for Innovation Universities and Skills in April 2008
Statistical Reform team	2008-09		Transferred in from HMT in April 2008

Notes:

* entry of 1995-96 denotes in existence at that time or earlier

1. This list does not include the recent creation of Secretariats, for example, in support of the: National Economic Council; Democratic Renewal Council; Domestic Policy Council; National Security Secretariat; Office of Cyber Security
2. Neither does this list include support to reviews and inquiries such as: Foot & Mouth; Flood (Pitt); Hutton; Butler; and more recently Iraq

ADDITIONAL INFORMATION

Can you please provide a bit of historical context on: a) the Office of the Prime Minister, and b) the Cabinet Office Minister. Essentially we would like some information on when these two elements were first established, and how they have evolved into their current function.

(a) Office of the Prime Minister

Prior to 1997 it comprised of four main areas: a private office, a political office, a press office and policy unit. Between 1997 and 2001 changes made included the appointment of a Chief of Staff, the creation of a Strategic Communications Unit and the Social Exclusion and Performance and Innovation Units (reporting to the Prime Minister although they were based in the Cabinet Office).

Following the General Election in 2001 the policy unit was merged to form a policy directorate. In addition three new units were set up, the Prime Minister's Delivery Unit, the Office of Public Sector Reform and the Prime Minister's Forward Strategy Unit again all based in the Cabinet Office.

In 2008, the Prime Minister appointed Jeremy Heywood, as Permanent Secretary, No10 Downing Street.

(b) the Cabinet Office Minister

The role of the Cabinet Office Minister has evolved alongside the role of the Cabinet Office—which currently is to support the Prime Minister, to support the Cabinet and to strengthen the civil service. A number of the functions carried out by the department are long standing such as its co-ordinating role and in responding to new requirements to enable the centre to meet the changing needs of government, in particular, the joining-up of policy-making, the coordination and delivery of change and developing better leadership, strategy and delivery capability.

Since 1997 there have been a number of changes and organisational reforms to meet the requirement for the “centre” to meet policy and delivery changes. This includes the setting up of the Prime Minister's Delivery Unit and the Office of the E-Envoy and on a broader scale the merging of the Office of Public Service in to the Cabinet Office and the creation of the Office of Deputy Prime Minister before it was established as an independent department in 2002.

These changes will have had an impact on the role of Cabinet Office Ministers.

There were references in both Tessa Jowell's (at Q 268) and Gus O'Donnell's (Q 428) evidence to the fact that there are six senior officials of permanent secretary rank within the Cabinet Office. The Committee would like further information on this, and in particular clarification of the names, job titles and responsibilities of each of these individuals.

(1) Gus O'Donnell, Cabinet Secretary, head of the home Civil Service and Permanent Secretary of the Cabinet Office.

(2) Jeremy Heywood, Permanent Secretary of the Prime Minister's Office.

Oversees No 10, an office of 200 people, and advises the Prime Minister directly. Jeremy Heywood is responsible for the day-to-day running of No 10, allowing the Cabinet Secretary to focus on the bigger strategic picture.

(3) Jon Cunliffe, Prime Minister's adviser on international economic affairs and Europe.

This is an extremely important job involving high-level negotiations with foreign governments. Therefore it is appropriate that the position be at permanent secretary level.

(4) Matt Tee, Permanent Secretary for Government Communication.

The independent Phillis Review of Government Communication recommended the creation of a Permanent Secretary responsible for all government communication.

(5) Alex Allan, Chairman of the Joint Intelligence Committee.

The independent Butler Review recommended that the Joint Intelligence Committee be chaired by a Permanent Secretary level Civil Servant.

(6) Stephen Laws—Permanent Secretary at the Office of the Parliamentary Counsel.

Officially based within the Cabinet Office, is in charge of the Office of the Parliamentary Counsel.

15 December 2009

Written Evidence

Memorandum by the Better Government Initiative (BGI)

The Better Government Initiative (BGI) is grateful for this opportunity to give evidence to this inquiry into the Cabinet Office and the Centre of Government. Many BGI members have direct and indirect experience of the relevant issues. The BGI is agreed on the central measures required to make the Centre, and therefore the whole of government, work better. We echo—because we could not better—what Sir David Omand, one of our members, Professor Starkey and Lord Adebowale put in evidence to you. They would:

“... like to draw to the attention of the Committee to the importance to good government of having a constructive, balanced, relationship in policy-making between ‘the Centre’ and Whitehall Departments. Strategic direction from the centre on the priorities of the Prime Minister and Cabinet of the day needs to be complemented by effective Departmental capability to formulate policies that are grounded in front-line evidence and professional experience. Serious difficulties in securing the desired outcomes of policy are likely if policy initiative comes to be seen as a central function separate from subsequent Departmental consideration of ‘delivery’.” They go on to refer to: “barriers to sought-for reforms. These difficulties include the experience of over-hasty policy pronouncements and proliferation of policies, and front-line professional alienation attributable to the perception that the policy making process is perceived more as top-down command and control than an engaged dialogue grounded in mutual learning. The appetite of professionals for improvement in service quality is seen as being undermined by a stream of top down, sometimes conflicting, initiatives and changes (often media driven) in policy priority.”

We would stress the importance of setting out and integrating across the Centre of government, which covers not only Number 10 and the Cabinet Office, but also the Treasury, what might be called a guide to practice or an operating model. It already exists in patches. In some matters, however, there has been a tendency to regard such guides as codes available on the shelf, if there were a difficulty or disagreement, rather than principles to be involved in designing actual working arrangements. We think that this change would increase the efficiency of the centre. Hence our reference to an operating model. We believe it should cover 2 to 5 below:

1. By constitutional convention for some 200 years power was the collective responsibility of Cabinet. Statutes attribute powers and duties to Secretaries of State, almost never, and never in any significant regard, to the Prime Minister. In recent years it has been widely thought to be a matter of politics and political choice how collective responsibility is defined on the spectrum from what is called presidential or prime ministerial government to one in which the Prime Minister’s role is that of first among equals. However for the reasons we have endorsed above we believe there are dangers in over-centralisation. Whatever view is taken on that point the operating model should define what must be done at the Centre.
2. The scale and complexity of modern government is best served if there is clear attribution of responsibilities to departmental ministers to be set out as far as possible in the operating model. Among them in our judgement should be that Secretaries of State and their Departments should normally have primary responsibility for initiating, and always for developing policies and legislation in their policy areas. In that and other respects Departments ought to be allowed without micro-management to get on with what is not assigned to the Centre.
3. Additions to the present central documents on Ministerial and Civil Service Codes are needed to formulate the proper role of the Cabinet. The documents should also set out how Cabinet committees should operate and, so far as it is relevant, interact.
4. The remit of the Centre should include producing a workforce strategy for the Senior Civil Service as the Normington report recommended. We have a number of suggestions to make on its objectives and what it might contain.
5. We also believe the model should cover many BGI recommendations on standards of preparation; collaboration between Ministers and officials; collaboration between policy-makers and the “front line”; and rebuilding the capabilities of non-central departments, etc. We annex the recommendations from our report *Governing Well* we believe most need to be reflected in such an operating model.

6. There is a difference of opinion between BGI members on one point: whether Number 10 and the Cabinet Office are best kept separate or amalgamated into a Department of the Prime Minister and Cabinet (DPMC). You will be getting separate evidence from BGI members on both sides of that important question. In either case it would be appropriate to draw up an operating model on lines suggested above.

The Better Government Initiative recommendations referred to were published in its report, *Governing Well*, (not published here) in 2008. That report was written for, and has subsequently been widely discussed with, parliamentarians and others with an insider's knowledge of Parliament and government. The BGI is currently revising that report for a wider audience and to provide more detail. Nevertheless the arguments of the current website version remain valid. Central to its argument is the need to end too high a volume of incomplete, poorly explained and impracticable bills and other measures reaching Parliament. (In this evidence we concentrate on the Centre of Government's role in this regard. But to achieve it, as our report makes clear, changes are needed in both Parliament and the Centre of Government. Neither would be effective alone.)

We note that among the current objectives of the Cabinet Office, *Departmental Strategic Objective (DSO)2* is to: "Support the Prime Minister and the Cabinet in . . . policy making". Another is that of "making government work better",¹ while DSO 6 adds it is also to: "promote the highest standards of propriety, integrity and governance in public life". We accept that these terms allow for a good deal of discretion in their interpretation but argue that the Centre, on either of the alternative organisational schemes mentioned above could and should consistently adopt an active interpretation on the lines we are suggesting. The Cabinet Office in some ways already does so, for example by sponsoring the recent report on policymaking, *Engagement and Aspiration: reconnecting Policy Making with Front Line Professionals*. But in other ways in our judgement they remain too narrow, for example, in concentrating on procedure rather than the key policy requirements in their recent guidance on legislation.

In responding to the Committee's invitation of 27 March 2009, to provide evidence for its inquiry into the Cabinet Office and the Centre of Government, we have seen and endorse the evidence to you by one of our members Sir David Omand (also an author of *Engagement and Aspiration*) in conjunction with Professor Starkey and Lord Adewobale. We have also noted Sir David Omand's 2006 paper, *Improving the working of Central Government and its relationship with Parliament*. That paper referred to evidence of "persistent under-performance" by Departments and Agencies which it related to "underlying problems with the proper and effective functioning of Central Government in a modern context, including in its accountability and legislative relationship to Parliament". We agree that manifestations of under-performance—many in practice centrally driven—include:

1. Departmental failure to meet key delivery targets Government has set them;
2. periodic public service management crises;
3. major IT problems;
4. failure to follow detailed provisions of the Ministerial Code relating to Cabinet Business as for example in the run-up to the Iraq war;
5. media management distorting the process of policymaking; and
6. Parliament struggling with too large a volume of legislation that has needed substantial re-working and where doubts over its practicality and enforcement remain.

We believe that the Centre of Government's operating model should have a key function in relation to all these if government is "to work better". We would argue that in relation to all these the Centre should go beyond laying down the procedures ministers and officials ought to follow to establishing the requirements needed to achieve satisfactory outcomes in relation to all these and reflecting them as far as possible in the Centre's operating model. However, in all these cases it must clarify the responsibilities of Secretaries of State and their Departments. In so doing the Centre must avoid micro-management.

We would also maintain that the changes we are recommending are constitutional in the sense that they aim to establish and maintain, over periods longer than a single parliament, processes and practices that will support good government whichever party is in power and reduce the risk inherent in our unwritten arrangements without separation of powers that arises from the freedom incoming governments have to adopt processes that are liable to do lasting damage.

6 May 2009

¹ In 2005 the fourth objective was to: "promote standards that ensure good governance, including adherence to the Ministerial and Civil Service Codes."

Annex

- R2: Before policy decisions are taken by the Government, proposals should be thoroughly tested by objective analysis, by drawing on the experience of politicians in Parliament and in Government and of officials (including people familiar with delivery), and by wider consultation.
- R3: The Government should establish a better balance between the strategic role of the Centre of Government in determining the overall policy framework and the operational role of departments in framing policies and delivering services in their specialist areas of responsibility.
- R4: Service deliverers—such as executive agencies, non departmental public bodies, the NHS and local authorities—should be set clear objectives against which their performance will be monitored, but they should not be micro-managed by Departments or by the Centre of Government. Stability of structures and of instructions from the Government is clearly desirable.
- R7: The Resolution should ask the Government for a public response setting out how it will ensure that its proposals will meet the required standards; and ask Select Committees to check compliance before the Government’s individual proposals reach the floor of the House in response to R6: In order to raise the quality of legislative and policy proposals, Parliament should pass a Resolution which sets standards for thorough preparation by the Executive.
- R10: On tax, there should be a genuine Green Budget, separating changes in tax rates from new taxes and providing draft clauses on new taxes, all reaching Parliament at least as early as the present Pre-Budget Report and preferably earlier.
- R11: On expenditure, Parliament should be involved at an early stage in the broad issues of Comprehensive Spending Reviews. In the annual process the relevant Select Committees should provide a commentary which the House would have when it considered the Executive’s proposed plans for total spending and its allocation.
- R12: The “Red Book”—effectively a White Paper on the Government’s budgetary plans—should be made available to Parliament in advance of the debate
- R17: The volume of legislation should be reduced, and the quality of scrutiny (especially in the Commons) thereby increased, through stronger pre-introduction tests.
- R20: The Government should commit itself to provide Parliament with full and timely written explanation of its legislative and major policy proposals, normally in the form of Green Papers and subsequent White Papers.
- R21: Major changes in the machinery of government should be accompanied by a written explanation and a business case from Ministers on which there should be a debate and a vote.²
- R22: Similar arrangements should apply when other significant changes are proposed in the delivery structure for public services or in Government guidance to public service providers.
- R26: There should be a written framework for the conduct of Cabinet business that unequivocally states the personal responsibility of all Ministers, not excepting the Prime Minister, to submit important decisions for collective consideration by Cabinet or Cabinet Committees.
- R27: The framework should make it clear that the Cabinet Committee process is required for all issues that engage the collective responsibility of the Government because of their importance, or that cut across Departmental boundaries in a substantial way, or that require significant legislation.
- R28: The framework should be published, and the Government should explicitly state its intention to adhere to it and its readiness to be held to account by Parliament and the public for any failure to do so.
- R29: The framework should make it clear that the Heads of the Cabinet Secretariats, notwithstanding their new role as Advisers to the Prime Minister, remain responsible for ensuring that all Ministers are appropriately involved in structured collective consideration of matters in which they have a departmental interest.
- R30: The framework should also make explicit the duty of the Cabinet Secretariats to ensure that proposals are fully, fairly, accurately and clearly represented in submissions to Cabinet Committees; they should have authority to require amendments to, or reject, papers that do not meet the required standards.

² This would implement a proposal put forward by the Public Administration Select Committee in June 2007. In this case, unlike our other recommendations, some amendment of the Ministers of the Crown Act 1975 would be needed. The business case should cover not only direct financial costs but also the possible loss, in the words of the PASC report, of “expertise, institutional memory and strategic focus”.

- R31: Cabinet Committee papers and, where relevant, Green and White papers, must be expressed in terms that, however technical their content, enable the complete argument to be followed by non-expert readers.
- R32: Proposals approved by Cabinet or Cabinet Committees that require fresh legislation or substantial resources should be subject to post-implementation reviews within the three years following introduction, in particular to assess the outcomes and costs actually achieved against those set out in the initial proposal
- R35: The Intelligence and Security Committee should proceed by consensus, with individual dissenting positions reported by footnote or annex. Its staff should have previous knowledge of the work of the intelligence agencies, full security clearance and secure working accommodation.
- R36: The involvement of the Centre in Departments' day-to-day operations should be reduced to a demonstrably necessary minimum
- R38: Ministers and Departments should not become too closely involved in the day-to-day operations of service deliverers. The numbers of staff overseeing them should be limited. Service deliverers need a clear and stable remit and a manageable pattern of accountability.
- R41: Greater emphasis should be placed by the Centre on training and career development for the Higher Civil Service and its feeder grades, in particular in the skills needed by departmental staff who directly manage implementation and delivery and oversee delivery by bodies such as non-executive agencies, non-departmental public bodies, the NHS and local authorities and by the private and voluntary sectors.

**Memorandum by Dr Andrew Blick, on behalf of Democratic Audit and Professor George Jones,
Emeritus Professor of Government, London School of Economics and Political Science**

SUMMARY

The Cabinet Office suffers from institutional schizophrenia. Over the course of its existence it has taken on multiple personalities, which can contradict one-another. This condition gives significant cause for concern, not least because of its constitutional implications.

An arrangement whereby the office of government responsible for supporting Cabinet, the Cabinet Office, is at the same time charged with assisting the Prime Minister in any role other than that of chair of the Cabinet is incompatible with the UK constitutional principle of collective government. The task of managing the Civil Service is a further distraction from what should be the primary function of the Cabinet Office.

The confused objectives of the Cabinet Office undermine its chances of effectiveness—and indeed make its performance difficult to assess; as well as creating problems for Parliament in its attempts to hold to account ministers responsible for the Cabinet Office.

Supporting the Prime Minister and managing the Civil Service are necessary functions—but both should be performed somewhere other than in the Cabinet Office.

1. For some time we have both been engaged, separately and jointly, in the analysis of the Centre of Government from an historical and political-science perspective. Currently we are in the process of writing books on the premiership³ and on prime-ministerial aides.⁴ We draw on both for this submission.

2. We are pleased to learn that the House of Lords Constitution Committee is conducting an inquiry into “the contemporary workings of the Cabinet Office and the Centre of Government”. This subject is central to the United Kingdom constitution and consequently apt to be addressed by the Committee. We believe that, if it is fully to be understood, the role of the Cabinet Office must be approached through analysis of both the Office as comprised at present and its historical development. Where we refer to the Cabinet Office in this paper, we treat it as separate from the Prime Minister’s Office, an associated but distinct body, although for some organisational purposes the two may be grouped together.

3. Primarily, we wish to address Question 8 from the Call for Evidence, “What constitutional issues are raised by the recent changes at the centre of government?”. After discussing this question we address some of the others more briefly.

³ Andrew Blick and George Jones, *Premiership: the development, nature and power of the office of Prime Minister*, forthcoming 2010.

⁴ Andrew Blick and George Jones, *At Power's Elbow: the prime ministers' people from before Walpole to the present*, forthcoming 2011.

What constitutional issues are raised by the recent changes at the centre of government?

4. The Cabinet Office suffers from institutional schizophrenia. Over the course of its existence it has taken on multiple personalities, which can contradict one-another. This condition gives significant cause for concern, not least because of its constitutional implications.

5. The traditional purpose of the Cabinet Office, which grew out of the secretariat that David Lloyd George attached to the War Cabinet he established upon becoming Prime Minister late in 1916, was to give institutional expression to a fundamental constitutional principle of the United Kingdom—collective government by a group of senior ministers, amongst whom the Prime Minister was first amongst equals. Its purpose was to service the body that, by convention, was the supreme organ of UK government, the Cabinet (or, in its early years of gestation, the smaller War Cabinet). Lloyd George probably saw this new secretariat in part as a way of imposing his personal will upon government and the outside world, but its purpose was to serve the War Cabinet, not him personally.⁵

6. Viewed from this perspective any support premiers receive from the Cabinet Office should be only in their role as chair of the Cabinet. Lord Wilson of Dinton, the 1998–2002 Cabinet Secretary and Head of the Home Civil Service, summed up the traditional position when speaking to the House of Commons Public Administration Select Committee (PASC) in 2003. In his words “the role of the Cabinet Office is to serve the Government collectively and the Prime Minister as Chairman of the Cabinet; and as long as you have collective government you need a Cabinet Office that provides that service”.⁶

7. This description of the Cabinet Office had already been to some extent superseded, undermining its ability to support a fundamental feature of the UK constitution: collective government. The Cabinet Office has for some time been moving increasingly into the ambit of the Prime Minister, a process that accelerated in the 1990s. In 1964 the Cabinet Office shifted headquarters to 70 Whitehall, connected to the back of Number 10 by the famous adjoining door. Over the years prime-ministerial staff and teams have been based in the Office (physically, organisationally, or both), including the Efficiency Unit set up by Margaret Thatcher under Derek Rayner, and the various bodies created by Tony Blair.

8. The codification of departmental objectives introduced in the Blair period revealed an ongoing development of a prime-ministerial role for the Cabinet Office. In its Public Service Agreement (PSA) announced in December 1998, covering the period up to 2001–02, part of the “Aim” of the Cabinet Office was “To help the Prime Minister and Ministers collectively” in making and implementing decisions. Objective 1 was “To provide efficient arrangements for collective decision making”; while Objective 2 was “To support the Prime Minister effectively and efficiently in his role as Head of Government”.⁷

9. This description accorded to some extent with the traditional purpose of the Cabinet Office (although the idea of aiding the premier as the “Head of Government” was problematic). But in 2000 reference to “collective decision making” was dropped from the Cabinet Office’s terms of reference as included in its PSA. The purpose of servicing Cabinet disappeared with the “Departmental Aim” for the year ending March 2001. And with the Spending Review of 2002 PSA objective number one (of four) was established as being “To support the Prime Minister in leading the Government”.⁸

10. By this point the Cabinet Office had, if judged by its own terms of reference, nothing to do with Cabinet nor collective decision-making, and was charged in part with supporting an individual government leader. This arrangement contradicted an acknowledged constitutional principle of the UK; and it did not survive long. By 2006 “Supporting the Cabinet” was once again described as a purpose of the Cabinet Office; and “Supporting the Prime Minister” was listed without the words “in leading the Government” afterwards.⁹

11. To date reference to “collective decision making” remains omitted from Cabinet Office objectives since it was dropped in 2000; and the stipulation set out by Lord Wilson that the Cabinet Office supports the Prime Minister as Chair of the Cabinet is not given expression. At present the Cabinet Office appears to be charged with combining contradictory roles—assisting both an individual, the Prime Minister, and a collective institution, Cabinet. In 2002 Lord Wilson’s incoming successor, Sir Andrew Turnbull, referred to a possibly more accurate description of the Cabinet Office as it had become configured, noting: “If you go to Australia they have a thing called PMC (Prime Minister and Cabinet)”. The main barrier to a change of nomenclature in Turnbull’s view appeared to be that Blair did “not want to create the impression that this is only working for him”.¹⁰

⁵ For the genesis of the Cabinet Office, see: JM Lee, GW Jones and June Burnham, *At the Centre of Whitehall: Advising the Prime Minister and Cabinet* (London: Macmillan, 1998), pp 17–19.

⁶ House of Commons Public Administration Select Committee (PASC), Minutes of Evidence, 19 June 2003, Question 100.

⁷ *The Government’s Expenditure Plans 2000–01 to 2001–02*, Cm 4618 (London: Stationery Office, 2000).

⁸ *2000 Spending Review*, HM Treasury; Cabinet Office, *Resource Accounts 2000–01*, Cm 5443 (London: Stationery Office, 2002); *2002 Spending Review*, HM Treasury; Cabinet Office, *Departmental Report 2003*, Cm 5926 (London: Stationery Office, 2003).

⁹ Cabinet Office, *Departmental Report 2006*, Cm 6833 (London: Stationery Office, 2006).

¹⁰ House of Commons Public Administration Select Committee, Minutes of Evidence, 4 July 2002, Question 15.

12. The role of the Cabinet Office is further complicated because since 1981 it has absorbed within it the primary responsibility for management of the Home Civil Service. This function has increasingly come to encompass responsibility not only for the organisation of Whitehall, but for bringing about the transformation of all public services, including those administered by local government, and the devising and implementing of specific performance targets and other objectives. History suggests that Civil Service management does not have to be based within the Cabinet Office. Until 1968 it was within the Treasury remit, and thereafter within a specially formed Civil Service Department until its abolition in 1981. This responsibility for the Civil Service has been exercised at the expense of the more traditional Cabinet Office purpose of facilitating Cabinet government. In 2003 Lord Butler of Brockwell told PASC that of his two posts, Cabinet Secretary and Head of the Home Civil Service (which have been combined since the early 1980s), “I think we all found that the role of Head of the Civil Service became a more important one for a significantly greater part of our time, and, within that, what I found myself concentrating on was delivery”.¹¹

We conclude:

13. An arrangement whereby the office of government responsible for supporting Cabinet is at the same time charged with assisting the Prime Minister in any role other than that of chair of the Cabinet, is incompatible with the UK constitutional principle of collective government.

14. The confused objectives of the Cabinet Office undermine its chances of effectiveness—and indeed make its performance difficult to assess; as well as creating problems for Parliament in its attempts to hold to account ministers responsible for the Cabinet Office.

15. Supporting the Prime Minister and managing the Civil Service are necessary functions—but the former should be performed somewhere other than in the Cabinet Office (except in so far as Number 10 is organisationally attached to the Cabinet Office and should continue to support the Prime Minister); and the latter should be as well.

We recommend:

16. The primary function of the Cabinet Office, applying to all units and staff within it should be defined as “To support collective decision-making by the Cabinet”. If any reference is made to assisting the Prime Minister, it should be as a subsidiary function to this pre-eminent purpose, and only in as far as the premier is chair of the Cabinet.

17. Consideration should be given as to what is the most appropriate location within government for the function of management of the Civil Service.

Question 1 *To what extent have the reforms outlined above changed the nature and role of the Cabinet Office?*

18. The reforms outlined above have emphasised two roles to the detriment of the traditional—and most appropriate—function of the Cabinet Office. The task of servicing collective deliberation by ministers has been neglected at the expense of supporting the pursuance of prime-ministerial policy objectives and the implementation of unending waves of Civil Service reform. Another facet of the changing Cabinet Office has been an undesirable tendency to intervene in areas far beyond the appropriate remit of central government, including involvement in performance targets affecting such bodies as local authorities.

Question 2 *The Cabinet Office’s mission statement is to “make government work better”. What has been the impact of the reforms in realising this aim?*

19. It is hard to judge whether improvements have been achieved without a clear idea of what is being attempted, something often lacking. In 2004 Sir Andrew Turnbull told PASC that the purpose of ongoing public service and administrative change was “to produce better public services and. . . to produce a society that people are happy living in”.¹² We are not qualified to judge whether the latter has been achieved. For the former the continuous stream of Whitehall reform programmes dating back at least as far as the Modernising Government White Paper of 1999 suggest that the Government does not yet believe it has been fully successful. When asked about Modernising Government in 2005, Turnbull told PASC:

*We have moved on from it really. We have absorbed most of the ideas. I think we felt that while it had a number of aspirations; it did not have a coherent narrative to it and I suppose it was replaced by the Prime Minister’s four principles of public service reform, which is in turn in the process of being replaced by a narrative about greater choice, personalisation and building the service around the customer.*¹³

¹¹ House of Commons Select Committee on Public Administration, Minutes of Evidence, 19 June 2003, Question 101.

¹² PASC, Minutes of Evidence, 1 April 2004, Question 65.

¹³ House of Commons Select Committee on Public Administration, Minutes of Evidence, 10 March 2005, Question 267.

20. We doubt whether the Government will ever settle upon a transformational agenda it finds satisfactory. There should be a moratorium on all such programmes, to provide a breathing space after a long period of permanent revolution.

21. One change to the Cabinet Office of the Blair era, in the view of Butler Review Team investigating intelligence on weapons of mass destruction, did not appear to help make government work better. It noted that in 2001 “two key posts at the top of the Cabinet Secretariat, those of Head of the Defence and Overseas Secretariat and Head of the European Affairs Secretariat, were combined with the posts of the Prime Minister’s advisers on Foreign Affairs and on European Affairs respectively”. The impact of this reconfiguration was “to weight their responsibility to the Prime Minister more heavily than their responsibility through the Cabinet Secretary to the Cabinet as a whole”. It was “a shift which acts to concentrate detailed knowledge and effective decision-making in fewer minds at the top”;¹⁴ and that had served to lessen “the support of the machinery of government for the collective responsibility of the Cabinet in the vital matter of war and peace”.¹⁵

22. Butler drew attention as well to the separation of the Security and Intelligence functions from the post of Cabinet Secretary in 2001, with the creation of a Security and Intelligence Co-ordinator. The Review noted the Co-ordinator was not part of the Cabinet Secretariat which supported ministers collectively; nor did he attend Cabinet; while the Cabinet Secretary, who was at the apex of the Cabinet system and was present at its meetings was “no longer so directly involved in the chain through which intelligence reaches the Prime Minister”.¹⁶

23. These two changes have enhanced the premiership at the expense of collective government.

Question 3 To what extent have the reforms improved the three core functions of the Cabinet Office to “support the Prime Minister, support the Cabinet and strengthen the Civil Service”?

24. Contradictions between these functions render the effective performance of them all impossible. Consequently the operational premise of the Cabinet Office is at present conceptually flawed. Attempts to pursue a defective strategy ever-more rigorously can only aggravate existing problems.

Question 4 What has been the impact of the institutional and capacity building of the Cabinet Office, in terms of its relationship to Number 10, the Treasury and other Whitehall departments? Are there clear examples of how the reforms have led to better policy-making?

25. As the Cabinet Office has been brought increasingly into the remit of Number 10, the Cabinet Office, and the Treasury, have developed increasingly active roles in departmental policy formation. This trend causes difficulties from a democratic perspective. As well as undermining the constitutional principle of collective government, changes to the Cabinet Office have constituted a challenge to another fundamental tenet of UK governance—individual ministerial responsibility to Parliament. The extent, to which ministers—in whom statutory power is vested—have determined their own objectives, rather than the Cabinet Office, Number 10 and the Treasury, is not always clear. Certainly the various mechanisms established at the centre of Whitehall have a significant role. Yet Parliament primarily exercises accountability through particular secretaries of state. If their status has been compromised by changes at the Cabinet Office, then so has the effectiveness of democratic processes.

Question 5 To what extent has the marked increase in central capacity based on a programme of creating more units round the Cabinet Office and No 10 exacerbated the complexity at the heart of central government?

26. The contradictions inherent in the multiple personalities of the Cabinet Office have intensified.

Question 6 What impact have the changes had on other Government departments? How effective have the reforms been at improving communication and co-ordination with organisations beyond Whitehall’s core and so improving policy delivery?

27. An important impact has been the erosion of the principle of ministerial responsibility for the policies implemented by the departments, through the more detailed involvement from the centre in the devising and implementation of objectives.

¹⁴ *Review of Intelligence on Weapons of Mass Destruction: Report of a Committee of Privy Counsellors*, HC898 (London, The Stationery Office, 2004), p 147.

¹⁵ *Review of Intelligence on Weapons of Mass Destruction*, p 148.

¹⁶ *Review of Intelligence on Weapons of Mass Destruction*, p 147.

Question 7 Which set of actors/individuals—between those of ministers and civil servants—had a greater impact on shaping the reform process at the centre of government?

28. Ministers decide, on the basis of advice from civil servants and special advisers. We suspect that certain officials within Whitehall attuned themselves to the desires of senior politicians, whether realistically attainable or not, and presented themselves as able to deliver these objectives through administrative transformation. A third tribe—Whitehall outsiders, some special advisers and others subsequently converted into permanent civil servants—seem to have been major shapers of administrative change emanating from the Cabinet Office.

23 April 2009

Memorandum by Dr June Burnham, formerly Senior Lecturer, Middlesex University

1. I apologise for providing this response at the very last minute. Despite having what I think is relevant expertise,¹⁷ I initially decided I could not respond, because I see the issues in different terms from those posed in the Call for Evidence. However, I would like to help the Committee as far as I can and am submitting my observations in case they are of some use.

2. As I understand it from the Call for Evidence, the Committee's concerns stem from the many recent changes to the "architecture" of "the centre of government", in a context of "governance" that has made the task of central units "more challenging". Yet it is a positive feature of the central offices that they are flexible enough to provide homes for new public domains (eg education, statistics, science), or short-term projects (eg devolution 1973–78, 1997–99). Their strong reliance on temporary postings enables them to expand to meet challenges (two World Wars, the preparation of post-war reforms) without creating a permanent bureaucracy.

3. The suggestion that the Cabinet Office needs to add capacity to cope with governance is, I think, a red herring. First, a diversified governance seems to be the norm in Britain—the periods of directly-managed government being exceptional.¹⁸ Second, there is a contradiction between political decisions to delegate and decentralise, and the assumption that the Cabinet Office must therefore work harder to control and coordinate. It would be more appropriate for the centre to let go and reduce this self-imposed burden.

4. Frequent changes have negative implications for staff morale,¹⁹ and can lead to confused accountability. That said, few changes listed in the Call for Evidence are novel. For example, there has been a women's unit in the Cabinet Office for at least 40 years; units on social policy come and go, and domains of policy secretariats alter as different issues come to the fore. Moving top official advisers back from Number 10 to the Cabinet Office could even be seen as a return to more constitutional arrangements.

5. Most of the centre's work falls under three headings: (1) the hosting of interdepartmental units (civil and military), of which the policy secretariats are the standing core; (2) the servicing of Prime Minister and ministers without departmental portfolio; and (3) civil service management. The "architecture" joining civil service management to the Cabinet Office policy role is the least settled organisationally. Constitutionally, the Prime Minister's responsibility for the Civil Service enables this role to be assigned to the Cabinet Office, the Treasury or a dedicated department. The least problematical solution has been attachment to the Cabinet Office, with a minister exercising the Prime Minister's political responsibility.

6. There should have been no need for a new post to "enhance cohesion between Number 10 and the Cabinet Office": the Cabinet Secretary should play that role—one argument for separating the posts of Cabinet Secretary and Head of the Home Civil Service. There is much for a Head of the Civil Service to do, as shown in simple terms by the continuing division between Foreign Office diplomats and the Home Civil Service; and the limited consideration of Civil Service issues during the process of devolution to Scotland and Wales,²⁰ in addition to the widely cited failings of the senior Civil Service.²¹

7. Units of outsiders set up by prime ministers within Number 10 or the Cabinet Office are usually accepted if they are occupied with policy or delivery matters and do not publicly contradict ministers or departmental advice. In contrast, the use of the central offices for promoting party interests is indefensible. There are specific issues about the use of public resources for private purposes, and wider concerns about bringing the central offices into disrepute. The concept of an impartial Civil Service is eroded in public eyes when overtly political aides refer to themselves as civil servants; it would be better to remove their official status as "temporary civil servants".

¹⁷ Working with Professor George Jones and Professor Michael Lee. See in particular, JW Lee, GW Jones, J Burnham, *At the Centre of Whitehall* (Macmillan, 1998).

¹⁸ R Lowe and N Rollings, *Modernising Britain, 1957–64: A classic case of centralisation and fragmentation?*, in RAW Rhodes, *Transforming British Government*, I. (Macmillan and ESRC, 2000), 99–118.

¹⁹ House of Lords Public Service Committee, Report, HL 55 (Stationery Office, 1998).

²⁰ J Burnham and R Pyper, *Britain's Modernised Civil Service* (Palgrave Macmillan, 2008).

²¹ See the evidence of Robin Mountfield, Colin Talbot and David Walker in *Public Administration Select Committee, Skills for Government*, HC 93ii (Stationery Office, 2006).

8. The Call for Evidence enquires about “the Cabinet Office’s constitutional position . . . in terms of responsibility and accountability . . .”. The Cabinet Office is subject to the constitutional conventions applying to departments, but the obstacles to full accounting loom larger (for example, restrictions on questions about interdepartmental discussions, and ministers’ unwillingness for special advisers to be questioned). There has been a deterioration in the last decade even in simple ways—in 2006 the annual Cabinet Office report replaced verifiable facts with glossy photos and a glossing over of inconvenient statistics. The “unscripted” meetings mentioned in the Butler Report and elsewhere make accounting impossible.

9. Accountability of the central offices is weakened when parliamentarians are not sufficiently robust in holding ministers and officials to account. The public learn about the work of the central offices mainly through published inquiries into disastrous failures (Scott, Hutton, Butler).

10. Political scientists often argue that the institutional arrangements seriously constrain Prime Ministers. My own research (in France) found that is not the case: political leaders can deploy the machinery to further their objectives.²² Rather than trying to fix the machinery, I feel the main concern should be to encourage those operating it act constitutionally. Incoming governments need sufficient confidence in the permanent bureaucracy not to bypass it by importing their own staff; they must feel that civil servants will be loyal without being political, be technically competent and not self-serving. The solution is mainly in the Civil Service’s hands, but as far as constitutional mechanisms are concerned, a Civil Service Act could help reassure ministers and strengthen the position of officials who want to uphold high standards.

14 June 2009

Memorandum by Sir David Omand, Professor Ken Starkey and Lord Adebawale

We should like to draw to the attention of the Committee the importance to good government of having a constructive, balanced, relationship in policy-making between “the Centre” and Whitehall Departments. Strategic direction from the centre on the priorities of the Prime Minister and Cabinet of the day needs to be complemented by effective departmental capability to formulate policies that are grounded in front-line evidence and professional experience. Serious difficulties in securing the desired outcomes of policy are likely if policy initiative comes to be seen as a central function separate from subsequent departmental consideration of “delivery”. The Government has recognized this danger and in its recent reform programme document, *Excellence and Fairness*,²³ has pledged to “reject the temptation to micro-manage from the centre” and promised that strong strategic leadership from central government would concentrate on setting a clear vision, a stable framework, adequate resources, effective incentives, and accessible and consistent information on performance.

Last month the Cabinet Office published our independent report *Engagement and Aspiration: Reconnecting Policy Making with Front line Professionals*²⁴ that it had commissioned from the Sunningdale Institute to feed into its broader programme of work on public service reform. In that Report we endorsed a definition of policy making as “the process by which governments translate their political vision into programmes and actions to deliver ‘outcomes’—desired changes in the real world.” Our examination of examples of successful policy making (vision translated into actual outcomes on the ground) demonstrated a common understanding that effective delivery has indeed usually involved better engagement and connection with front-line workers in policy formulation arising out of a “one team” approach by the relevant ministers and senior officials. Many have succeeded precisely because those involved in policy work saw their role as at the bottom of an inverted pyramid supporting and facilitating work across the front-line base of the pyramid and not as the apex directing policies downwards. Horizontal rather than vertical thinking is needed for effective collaboration.

In our evidence collection for the Report we identified a number of aspects of current practice that act as barriers to sought-for reforms. These difficulties include the experience of over-hasty policy pronouncements and proliferation of policies, and front-line professional alienation attributable to the perception that the policy-making process is perceived more as top-down command and control than an engaged dialogue grounded in mutual learning. The appetite of professionals for improvement in service quality is seen as being undermined by a stream of top-down, sometimes conflicting, initiatives and changes (often media-driven) in policy priority. The growth in arms length delivery bodies controlled by policies sent down a vertical Departmental delivery chain (with financial flows to match) can make it harder for services to be coordinated

²² J Burnham, *Politicians, Bureaucrats and Leadership in Organizations* (Palgrave Macmillan, 2009).

²³ *Excellence and Fairness: Achieving World Class Public Services*, Cabinet Office, July 2008, accessible at http://www.cabinetoffice.gov.uk/media/cabinetoffice/strategy/assets/publications/world_class_public_services.pdf

²⁴ *Engagement and Aspiration: Reconnecting Policy Making with Front Line Professionals*, Cabinet Office, 31 March 2009, accessible at <http://www.cabinetoffice.gov.uk/media/182021/sunningdale.pdf>. The authors were Sir David Omand GCB—Visiting Professor, King’s College London and former Cabinet Office and Home Office Permanent Secretary; Professor Ken Starkey—Professor of Management and Organisational Learning, Nottingham University Business School; and Lord Victor Adebawale CBE—Visiting Professor, Lincoln University.

and joined-up at local level to meet the needs of the citizen. Policy-making that is directed in this way can lead to outcomes that are impractical for the front-line to implement and ultimately futile for the service user.

The quality of policy-making is, of course, particularly salient in times of economic downturn, when gleaning optimal value for resources spent is critical. It is our contention therefore that in this new climate of aspiration, policy-making itself will have to be re-invented, with a strong impetus to ensure value for money, efficiency and effectiveness in public service policy making and delivery. There need to be fewer examples of unnecessarily rushed policy-making, and care needs to be taken to check “who is in the room” representing the front-line when policies are constructed and with time allocated to stress test new ideas with those who have to implement them. We recommend in our report that Civil Service training (including programmes run by the National School of Government within the Professional Skills for Government framework) and development, promotion and recruitment gateways should be used to reinforce this model of policy-making.

The Minister for the Cabinet Office, Liam Byrne MP, has already asked the authors of the Report to work with him on setting in place the recommendations across Whitehall.²⁵ A government response is promised for the summer.

24 April 2009

Memorandum by Jonathan Powell, former Chief of Staff to Tony Blair

I have six brief points to make on the subjects the Committee is considering. They are based on nearly 30 years experience in the public service including 10 years in Number 10 Downing Street.

In my view the Cabinet Office is one of the most effective parts of the machinery of government. While perhaps not quite the Ferrari referred to in Gerald Kaufmann’s excellent book *How to be a Minister* it is certainly in the top league. The following are entirely personal thoughts.

First, in my view the Cabinet is not the right body in which to attempt to make difficult decisions. It has too many members for a proper debate. Many of those who are there will not necessarily be well-briefed on the subjects under discussion unless they come directly within the remit of their departments. And many individuals whose input is necessary for well informed decisions, e.g. the military chiefs of staff, are not present. It is for that reason that since at least the late 1970s the Cabinet has been used to ratify decisions rather than to take them. Cabinet committees on the other hand are an essential instrument of government decision making: all the relevant people can be there (and not the irrelevant), they are focussed on particular decisions, properly prepared and they have as much time as they need to reach a decision. In my view therefore rather than arguing about the death of Cabinet government, when it in fact died a long time ago, we should spend more effort reinforcing the Cabinet committees and their supporting infrastructure as a key part of government decision making.

Second, it is important to effective administration that the Cabinet Office not become the proponent of the lowest common denominator between departments but be the driver of government. The analogy I always think of is that Number 10 should be the gearstick in the Prime Minister’s hand—light and responsive—and the Cabinet Office should be the drive shaft—making sure the wheels of government are all moving in the same direction and at the same speed. So the Cabinet Office should not be some neutral body mediating differences between departments but an institution designed to drive through the policies of the Prime Minister and the wider centre of government (including the Treasury). This requires close coordination between Number 10, the Cabinet Office and the Treasury and a clear plan of what the government is trying to achieve. Departments should not be independent feudal baronies paying fealty to the centre while getting on with their own thing but part of a united government with collective responsibility and a manifesto they are trying to implement. The Cabinet Office should be the central body making sure that that plan is put into practice.

Third, I do not believe the Prime Minister’s Office should be allowed to grow into a monstrous new department. As I said above, it should be light and responsive to the Prime Minister’s intentions. Everyone in Number 10 should really know what the Prime Minister thinks first hand rather than trying to guess at it because they rarely or never see him or her, and then create havoc by calling departments and saying “the Prime Minister thinks.” About 10 years ago a young official came from the German Kanzleramt to study how Number 10 worked to establish whether there were any lessons for Germany. When he left he said to me that the one thing we should never do is try to replicate the size of the Kanzleramt with its various Abteilungen or departments in London or we would end up with an ungainly bureaucracy rather than a light and mobile centre of government. So while it is tempting to give the Prime Minister more staff to deal with the battalions of Whitehall, I think it is more sensible to keep many of the functions that would otherwise be placed in Number 10 in the Cabinet Office. For example our innovation in government of double hatting the European

²⁵ Liam Byrne, Speech to Guardian Public Services Summit, 5 February 2009 http://www.cabinetoffice.gov.uk/about_the_cabinet_office/speeches/byrne/090205_psr_speech.aspx

Adviser and the Foreign Policy Adviser in Number 10 as simultaneously the head of their respective secretariats in the Cabinet Office reduced staffing and increased efficiency enormously and above all put both on an equal footing with their European opposite numbers, where these positions are both in the office of the Prime Minister or President and well staffed.

Fourth, I continue to believe it would be sensible to give serious thought to merging the public spending part of the Treasury with the Cabinet Office in an Office of Management and the Budget under a Chief Secretary, leaving the residue of the Treasury as a traditional Finance Ministry. We looked at this several times in government but did not in the end implement it. Such a reform would make it possible to bring together the Public Sector Agreement targets set by the Treasury with the separate objectives set by the Prime Minister for the Delivery Unit, and ensure that the levers of management and finance are all pulling in the same direction.

Fifth, I think the principal job of the Cabinet Secretary should be to manage the reform of the Civil Service. He should set incentives for permanent secretaries and be able to move around the top layer of civil servants between departments so that we break out of the existing silo mentality in departments and instead have a sense of a common service. Changes have been made in this direction in recent years by the current Cabinet Secretary and his predecessors but there is still a way to go.

And lastly I think there is a real danger of the Cabinet Office becoming a dustbin for units that can't find a place elsewhere in government. There is a good case for having a clear out after every election and assigning most of those units that have accreted to the Cabinet Office over the previous four or five years to individual departments so that the Cabinet Office can focus on its core functions. If a place really can't be found for them elsewhere then we should ask ourselves the question whether they are really necessary at all.

11 June 2009

Memorandum by Dr Anthony Seldon

The general election of 2010 provides the opportunity for a fundamental re-planning of the centre of British government. The recent addition of new functions and new structures, in particular since 1997, has not been without value. But they have been the result, as have almost all the changes at the centre since 1964, of contingency—a new priority, new personnel, new relationships, mistrust of those outside Number 10—rather than rational thought. The new system is bloated: it may in some ways be more “joined-up”, but it is not more streamlined nor efficient.

I recommend, therefore, a ground-up reworking of the centre of British government. Many of those who have worked in the system will have vested interests in seeing the *status quo* continue, or will be defensive about the changes that have been instituted. The re-think therefore must take account of the following:

- (i) What support will the PM/Cabinet/CS need from the centre in 2010–25?
- (ii) What structures work best in the centres abroad?
- (iii) What structures work best at the centre of major international corporations?
- (iv) What does the academic literature suggest?
- (v) The roles of the Prime Minister—supporting him in each of these properly.

Some of the problems with the current system are:

- (i) overlapping functions resulting in duplication;
- (ii) lack of clarity, resulting in confusion;
- (iii) lack of visibility and accountability, resulting in mistrust;
- (iv) exclusion from decisions of key figures from Number 10, Cabinet and Whitehall, resulting in resentment, demoralisation, and poor decisions; and
- (v) a flawed communications system, resulting in loss of trust and respect.

The *status quo* is haphazard. In short, a mess. Any new system must be guided by:

- (i) simplicity and clarity;
- (ii) rationality;
- (iii) service to the Prime Minister to allow him/her to function optimally;
- (iv) strengthening the work of Cabinet and government collectively; and
- (v) observation of constitutional norms, and respect for an impartial Civil Service.

The Prime Minister's jobs include: 1. Chief Executive. He needs a strong Private Office again to connect him to the Civil Service: 2. Head of Cabinet. He needs a strong Cabinet Office to service Cabinet and its committees, and coordinate government: 3. Head Policy Formulator. He needs a short-term policy (Policy Unit) and long-term office (Strategy Unit) to evaluate and decide on options: 4. Party Head. He needs the Political Office to connect him to the party: 5. Leader of Governing Party—the legislative. He needs a Parliamentary Office to service his parliamentary and constituency needs: 6. Chief Appointing Office. It needs a strong appointments office to advice on both governmental and wider appointments: 7. National Leader. Responsibilities for the nation's security, defence, prestige and commercial success can all be subsumed within the offices above: the Prime Minister's spouse needs a well-funded office. The Cabinet Secretary needs to be again a figure of real stature—akin to Edward Bridges or Norman Brook—who can stand up for the Civil Service and stand up to the Prime Minister.

Imposing institutional change is notoriously difficult. Yet root and branch restructuring is what the Committee must recommend. Only such a clear call will result in the necessary change.

ANTHONY SELDON (DR)

(Author of articles on the Cabinet Office and its committees, the Cabinet 1900–2000, books on the Prime Minister's Office, edited volumes of the Governments of Heath, Wilson, Callaghan, Thatcher, Major, Blair and Brown (forthcoming), and biographies of Major and Blair. Founder of the Institute of Contemporary British History.)

May 2009

Memorandum by Professor Patrick Weller, Dr Anne Tiernan and Ms Jennifer Menzies, School of Politics and Public Policy, Griffith University

The Select Committee on the Constitution's call for evidence on the Cabinet Office and the Centre of Government identifies a broad scope of inquiry. This submission focuses on the core functions and institutional capacity of a Prime Minister's Department and seeks to demonstrate the viability of such a model in the Australian context.

Since July 1911, the Australian Prime Minister has been served by a Department of the Prime Minister and Cabinet (PMC). The role and functions undertaken by the Department have changed over the decades but the need for and the legitimacy of the central capacity remains unchallenged. This submission looks at PMC as an alternative model for organising the centre of government and outlines what has been learnt from the knowledge and experience of a long term Prime Minister's Department in Australia. We hope to offer some points for consideration to the Constitution Committee.

The centre of government is not static and many jurisdictions are experimenting with what skills and functions are needed at the centre. The hallmark of the Westminster system of Parliamentary democracy is its capacity to evolve. As the functions of government have increased in response to changing social, political and economic circumstances, new structures and capacities are developed to meet new pressures. Different governments follow different lines of development, even when faced with similar pressures. In this complex, globalised environment, the need for new roles and structures at the centre continues to evolve.

One way of conceptualising how to support the Prime Minister is to distinguish between the Prime Minister's prerogatives and the Prime Minister's priorities.²⁶ The prerogatives consist of the range of activities the Prime Minister must undertake—whether they are linked to his or her role as Chair of Cabinet, as leader of the party, in the Parliament or ceremonial duties. The priorities refer to the activity he or she chooses to undertake and on which they wish to confer prolonged prime ministerial attention. The priorities could include such activity as overseeing the implementation of election commitments, giving priority to personal policy interests, emerging external threats or domestic challenges. Conceptualising the two spheres of prime ministerial activity can provide the basis to develop structures that support both roles of the Prime Minister.

In the Australian context, the model has evolved a set, relatively stable and ongoing structure to support the activities which form the Prime Minister's prerogatives. These functions fall under the Governance Division of the Department and include the Cabinet Secretariat, Parliament and Government Section, Awards and Corporate Services. Other Divisions are more flexible and subject to reorganisation as priorities change. At the moment they comprise the Groups of Domestic Policy, Strategic Policy and Implementation, National Security and International Policy and the recently added role of Coordinator-General.²⁷ The model of a set structure for prerogatives and a flexible structure for priorities means, as the preoccupations of the Prime

²⁶ Weller, Patrick 1983 *Do Prime Minister's Departments Really Create Problems?* Public Administration, Vol 61, Spring, pp 62.

²⁷ Department of the Prime Minister and Cabinet Organisation Chart—April 2009 www.dpmc.gov.au

Minister changes, either through external threats or domestic challenges, the centre has the capacity to change structure and personnel to meet those challenges.

The Department of Prime Minister and Cabinet in Australia is now nearly a century old and there are a number of insights which can be drawn from our knowledge and experience of the Australian model. The Department of the Prime Minister and Cabinet offers the centre of government a number of strengths. They include:

1. *Historical memory and continuity.* The stable centre of the Department, the Governance Division, offers expertise in the processes of Parliamentary government and in the conventions, precedent, technicalities and processes necessary for the continuity of government. It is responsible for the ordered transition from one administration to the next and for the ceremonial elements of the position of Prime Minister. Transitions of government in Australia have a tradition of being smooth and successful, in significant part because of the continuity and institutional memory within PMC. It provides guidance and advice to Ministers, ministerial staff and senior officials on complex matters including machinery of government changes. These functions are especially important given the longevity of incumbent governments,²⁸ staff turnover within the Australian Public Service (APS) and a rapidly ageing public sector workforce. Prime Minister Kevin Rudd noted in early 2008 that two-thirds of the current APS workforce was not employed in the service when the Howard government was elected in 1996.²⁹ Thus for more than 60 per cent of APS employees, 2007 was their first transition of government.
2. *Incubation role.* The role of the Commonwealth government has expanded over the years as new issues emerge that demand government attention PMC has played the role of a policy incubator for many of these new functions. For example, arts policy, indigenous affairs and education all started as units in PMC before they were hived off into permanent structures.
3. *Short term priorities.* PMC is frequently the home of taskforces and administrative entities focussed on the management of issues of immediate concern (particularly those that have cross-government or whole of government implications) PMC has a greater capacity than line agencies to be organisationally neutral and to play the role of arbiter in driving forward a complex agenda.
4. *Flexibility and responsiveness.* The Department provides a continuing and flexible capacity to support the Prime Minister's interests and to respond quickly as the weight of those interests changes. For example, the role of Coordinator-General was added to the Department in 2009 this year to co-ordinate and drive the infrastructure spending which the Federal government has directly allocated to state governments to counteract the global financial crisis.
5. *Cabinet Services and Implementation and Intelligence and Security.* Australia's Cabinet meets regularly in Canberra and the major capital cities, and in the community.³⁰ PMC supports Cabinet and a developing web of Cabinet committees that focus on specific issues, including the important National Security Committee of Cabinet (NSCC).³¹ The decisions of all committees except NSCC are endorsed by the full Cabinet. Following a recent review of national security arrangements, the Prime Minister has appointed a National Security Adviser within PMC. In November 2007, the Prime Minister also appointed a senior Cabinet Minister, Senator John Faulkner, as Cabinet Secretary. His responsibilities include the efficiency of Cabinet routines and decision-making processes and overseeing implementation of Cabinet decisions—a process managed within PMC by the Cabinet Implementation Unit.
6. *Training ground for senior bureaucrats.* PMC has traditionally been the training ground for future Departmental Secretaries. Many senior officials have undertaken a position in the Department, usually at Deputy Secretary level, to round off their knowledge about the centre of government before being appointed to Secretary positions.

One of the main criticisms levelled at the idea of establishing a Prime Minister's Department in the United Kingdom is the claim that such an entity would cut across and undermine the collective conventions of the Westminster system of government,³² Australia, too, is a system of collective and party government and in common with other Westminster-style systems shared the debate about the perceived predominance of the

²⁸ Transitions of government occur only occasionally in Australia There have been only six changes of Commonwealth government since 1945.

²⁹ Rudd, K 2008, *The economy, inflation and the challenge of housing affordability*. Address to Business Leaders Forum, Brisbane, 3 March.

³⁰ Community Cabinet meetings were established by the Rudd government in 2007.

³¹ For an overview of the operations of NSCC, see Iernan, A, 2007 *The learner: John Howard's system of national security advice*. Australian Journal of International Affairs, Vol 61 (4), pp. 489-505).

³² Jones, G 1983 *Prime Minister's Departments Really Create Problems: a rejoinder to Pat Weller* in Public Administration Vol 61, Spring, pp 79–84. Blick, A and Jones, G 2007 *The Department of the Prime Minister"—should it continue?* in History and Policy Paper, June, www.historyandpolicy.org/papers/

Prime Minister. However, this debate has not led to the veracity of the model of support for the Australian Prime Minister through a Department being called into question as it has in relation to the British Prime Minister.

In Australia, such support for the Prime Minister has been bi-partisan. PMC has been able to easily adapt to new leaders and their leadership style, new demands and to the pulling in and hiving off of functions. The Department is considered to house the cream of the Australian Public Service and is noted for its professionalism and the calibre of officers working there. In this increasingly complex and networked society, PMC is a key and important source of advice to the Prime Minister but not the only source. The longevity of the model clearly indicates that a Prime Minister's Department is not incompatible with collective responsibility and Cabinet government.³³

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³³ Weller, Patrick 1983 *Do Prime Minister's Departments Really Create Problems?* Public Administration, Vol 61, Spring, pp 78.