Accountability in modern government

Recommendations for change

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About this report

This report is for anyone interested in the state of accountability within government in the UK.

Our April 2018 discussion paper identified issues with accountability in Whitehall, in wider public services and with the culture of accountability.

This report offers solutions to improve accountability that tackle the problems caused by these weaknesses.

For more information visit:
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accountability-modern-government

Contents

Foreword

Strong accountability provides the foundation of a healthy democracy. It ensures a relationship between the public and those in government who have power to shape their lives. People expect performance to be rewarded if good or penalised if poor, and the demonstration that this happens matters for their trust in government. But the rules of accountability also need to enable those in government to learn from failure.

Across the UK, officials are responsible for a wide range of complex policies which, at the moment, include Brexit as well as the regular demands of running prisons, providing health care, building infrastructure and so on.

Within such a complex system, problems inevitably arise. When this happens, strong principles of accountability will ensure that the individuals responsible for failure confront the mistakes they have made. Where they have been genuinely negligent or reckless, heads must roll. This is the price that ministers and officials pay for the responsibilities they wield.

However, a system of accountability that looks only backwards does little to help prevent future failure, and perpetuates a culture of blame which can be unhelpful.

Our previous discussion paper outlined the major problems with the rules of accountability in UK government. Here, we offer responses that we think can help to fix those problems. We want to help avoid the next Windrush or Grenfell scandals by improving scrutiny of decisions, and by ensuring that ministers take responsibility for the projects and policy areas that they oversee. We want discussions of risk – particularly for major projects such as Universal Credit – to happen early, rather than after the fact.

Accountability must balance learning lessons with real consequences for those responsible.

Our recommendations are the product of a year of research and consultation. We have built on previous work by the Institute for Government and others to outline ways to strengthen accountability, in order to reduce the risk of failure and harm.

Bronwen Maddox
Director, Institute for Government

Summary

Accountability lies at the heart of democratic government. The current system displays critical weaknesses, but these can be addressed. This report is a follow-up to our April 2018 discussion paper, which outlined the weaknesses that affect accountability in the UK. Here we present recommendations which aim to improve accountability: clarifying the relationship between ministers and civil servants, meeting the challenges of complex modern government, and shifting the culture of accountability from blame to learning and improvement.

Strong accountability matters – and when it works, it benefits everyone. It enables people to know how the Government is doing, and how to gain redress when things go wrong. It ensures that ministers and civil servants are acting in the interests of the people that they serve. Accountability is a part of good governance, and can increase the trustworthiness and legitimacy of the state in the eyes of the public.

The benefits of strong accountability

At its heart, accountability is about a relationship between those responsible for something, and those who have a role in passing judgement on how well that responsibility has been discharged. When accountability works well, it enables a degree of feedback between the Government and the public that it serves.

While strong accountability is not a panacea for solving the numerous challenges that government faces in a complex environment, it can improve government. It generates incentives for responsible individuals to act in the interests of the public. Sometimes this means that 'heads must roll' following a major failure; but a healthy system of accountability also promotes improvements in how government works. This should include:

- proportionate rewards for good performance

- proportionate sanctions for failure

- a greater degree of learning than the current system contains

- support for responsible individuals to develop, so that they are able to innovate and take appropriate risks.

The scale and scope of government activities has grown increasingly complex in recent decades, and this trend looks set to continue. However, complexity is not an excuse for negligence, neither should it serve as a cover; rather, it is a challenge that government

must face. Strong accountability helps responsible individuals to manage complexity better.

Addressing weaknesses in the system

More than 21,000 people, including MPs and councillors, are democratically accountable to UK citizens and scrutinise the public services that 5.3 million public sector workers deliver daily. In recent years, accountability and transparency have improved around the Government's major projects and around government departments' arrangements for managing public money.

In spite of this, our discussion paper, *Accountability in Modern Government: What are the issues?*, highlighted examples of failures related to accountability weaknesses, including financial mismanagement, chronic underperformance and service collapse. There are three main weaknesses in the current system of accountability which increase the risk that such failures might occur:

1. **Fundamental gaps in accountability at the heart of Whitehall**. The conventions that shape the relationship between officials and ministers have evolved in a way that undermines accountability. They promote a tradition of secrecy, which results in a lack of clarity about the responsibilities of senior officials and ministers. These conventions also confine responsibilities to departmental silos, which denies reality.

2. **Successive administrations have failed to ensure that accountability has kept pace with the increasing complexity of modern government** at all levels, including local and devolved government. Modern government achieves its aims by delivering services through complex networks of departments and public bodies, private and voluntary sector providers, with inconsistent arrangements for oversight, inspection, regulation and scrutiny.

3. **Accountability is too focused on blame, when it needs to focus on improvement**. Too often, judgements regarding accountability rely on the informal and subjective nature of politics, which have a tendency to overemphasise blame. The political element of accountability interacts poorly with a high-stakes environment which places almost all responsibility on those at the top. This promotes defensiveness and a focus on compliance, and precludes learning from mistakes.

Seven recommendations for stronger accountability

Strengthening accountability across the breadth of government requires a range of reforms. This report outlines seven proposals to address issues arising from the weaknesses that we have identified. Together these changes would:

• improve transparency around the feasibility of major projects

• provide stronger oversight of the civil service

• clarify what public services citizens get for their money

• ensure that government policies have strong accountability arrangements built in

- strengthen scrutiny of the links between local public services

- support earlier investigations of possible failures

- improve the scrutiny that Parliament provides.

1. Holding ministers to account for the feasibility of their projects

A pervasive culture of secrecy shields both ministers and senior civil servants from meaningful scrutiny when major projects underperform or fail. Stronger accountability is needed to counterbalance the ambiguity and unavoidable uncertainty of decision making. It is not enough to identify who is responsible for the decision once failure becomes apparent: we need proactive methods which offer assurance that the responsible individuals have properly considered the risks associated with major projects *before* they begin.

To achieve this we propose that permanent secretaries, in their role as departmental accounting officers, should publish more details on the feasibility, potential risks and mitigation strategies in place for their department's major projects after they have been agreed. This should be subject to external validation and provide the basis for future scrutiny of the project. Parliamentary select committees should recall ministers who have subsequently left post to answer questions about the decisions made during the inception of a project, especially where subsequent underperformance or failures have resulted in harm to the public.

// **Strong accountability helps responsible individuals to manage complexity better** //

These proposals would provide more clarity about the basis on which decisions were made. This would help to ensure that relevant issues are raised with ministers before a project starts. Moreover, it would provide Parliament with material to scrutinise these projects as they are implemented.

2. Preventing repeated failures in the civil service

The civil service has displayed long-standing weaknesses in how it uses specialist skills, and in challenging policies that fall short of standards for spending public money. Civil service leaders have a collective responsibility to ensure that the civil service has the right capability in place to deliver the Government's priorities, that this capability is being developed appropriately, and that specific aspects of the accountability system (such as the accounting officer role) operate effectively to safeguard value for money for taxpayers. There is a lack of accountability for these collective responsibilities, and the structure and conventions of Whitehall make it difficult to tackle any resulting issues. This has enabled repeated failures caused by the same underlying problems to occur, wasting public money and even directly harming individuals.

In order to ensure that these collective responsibilities are fulfilled, the Prime Minister should appoint a dedicated minister committed to overseeing reform of the civil service, to help deal with these cross-cutting weaknesses. This is formally the most effective structure for ensuring that the civil service faces up to the challenges

highlighted above, as it would provide clear leadership and help sponsor senior civil servants' efforts at ministerial level. However, ministerial interest in civil service reform is variable, and there have been high levels of churn in the post of Minister for the Civil Service in recent years. In light of this, we recommend that the Government establishes an oversight board, which would incorporate experienced non-executives from across the public and private sectors to provide independent support and challenge to civil service leaders.

In particular, a board would provide a forum for strategic discussions on civil service capability and how it is being developed; and whether existing accountability mechanisms or strategies to help civil servants to raise difficult issues with ministers are being implemented successfully.

3. Clarifying what public services citizens get for their money

Currently, there is too little independent challenge and scrutiny of the link between the funding allocated to public services, how well they perform, and how sustainably they can run. Responsibilities for most policy areas are overlapping, with ministers and other political leaders deciding what services should be provided. Meanwhile, the Treasury decides how much money to allocate, and local leaders such as police chiefs and hospital executives determine how a service is run. This arrangement commonly results in failure to consider how spending affects performance.

To address this, we propose that government and Parliament should ensure that transparent, authoritative information and data underpins the spending review process, which sets departments' budgets for the next three to five years. Departments should publish statements at the end of each spending review that set out any changes to planned spending, and how these will be delivered in practice. These should be independently scrutinised to check the quality of financial and performance models used by departments to underpin the proposed statements.

This proposal would ensure that decisions are based more clearly on evidence. It would increase understanding of spending decisions which otherwise may seem arbitrary, and encourage continuous improvement in the data that underpins decision making.

4. Ensuring that accountability across public services works in practice

There are many examples of instances when accountability arrangements have failed to protect the public. Specific accountability arrangements vary between policy areas, but sometimes accountability is not built in from the start or is dismantled over time – in either circumstance, this can cause harm to specific groups or individuals. However, ministers do not always take responsibility for ensuring that policies have effective accountability arrangements built into them: this should change.

We propose that there should be a systematic way to assess the effectiveness of accountability arrangements. To do this in the area of financial management, the Treasury should further develop its guidance to assess the quality of accounting officer system statements (the documents prepared by each accounting officer which outline all the accountability arrangements within the department and its agencies).

ACCOUNTABILITY IN MODERN GOVERNMENT

To do this more widely, especially in relation to policy, departments should review other accountabilities on an ongoing basis. The findings from these reviews should be published and signed off by the minister responsible.

These changes would encourage government departments and agencies to ensure that effective accountability arrangements are put in place and maintained. This would help to ensure that policies work as intended.

5. Strengthening scrutiny of the links between local public services

Government provides a wide range of services on which the public rely. Many of these services have to be delivered in a joined-up way, on a routine basis, to benefit the public. This is challenging, because decisions made in some areas have an impact on others in ways that are not always well understood. While responsibility for each service is vested in a particular individual, there is no overall responsibility for examining the links between services. This creates accountability gaps, which can be detrimental to performance.

Our recommendation is that the Government should build up local capacity to track the links between different local public services, and to examine how these relationships influence the respective performance of services. To do so, it should review the case for setting up local Public Accounts Committees (PACs) – initially in combined mayoral authorities – to serve as a forum to convene the local leaders responsible for different services to discuss service performance and the links between services.

We also need capacity to track the links between different local public services, and to examine how these influence service performance. This could take the form of new performance assessment units, which could aggregate data independently and share this information as part of a network.

These changes would not absolve local public service leaders of their responsibilities, especially where services fail. However, they would improve local leaders' ability to pre-empt failure by enabling earlier discussions about how services place pressure on each other. It also would promote learning about how service leaders can work together better to mitigate these challenges, and deliver better services to the public.

6. Getting better information earlier, to prevent the blame game

The current system of accountability often holds off on meaningful scrutiny of issues or failure until the point when they become full-blown crises. While some public services have well-established, top-down systems to routinely track performance, we need a stronger, bottom-up system which can investigate failings earlier. The various ombudsman services serve as a backstop for individual members of the public who have been harmed by the Government in some way, where they have not been able to resolve the complaint directly with the service provider. Yet there are limits to the effectiveness of ombudsman services: in particular they lack the ability to initiate investigations on the basis of their own concerns, in the absence of a specific referral. This means that where early warnings are raised, they are not escalated early enough to those who could make meaningful changes – specifically within Parliament and the Government.

To address this, we propose that the Government should bring forward the Draft Public Services Ombudsman Bill, which would help to consolidate several of the existing ombudsman services into a single, more effective unit. In addition, the Government should grant 'own motion' powers to ombudsman services, so that they can initiate investigations sooner.

These proposals would help to integrate the main early-warning system for government failure into central mechanisms of accountability, in particular scrutiny by parliamentary select committees. Earlier investigation would increase the likelihood of solving issues before they become crises. This would make it possible for those responsible to be scrutinised in a way that is not solely focused on blame and sanctions, but on learning from what happened, so that they can improve.

7. Parliamentary scrutiny that promotes learning and improvement

Parliamentary select committees are the ultimate form of scrutiny, checking the work of government. Yet scrutiny typically comes late and, too frequently, at the point of political crisis. In doing so, it can miss opportunities to drive improvement. This is partly due to lack of resources, and the limited time that MPs have available. It also results in few issues being followed up over the medium and long term. These inherent weaknesses are compounded by the temptation for MPs to engage in political theatre, rather than in-depth scrutiny.

// Earlier investigation would increase the likelihood of solving issues before they become crises //

There are two ways to promote improvements in scrutiny. Select committees should apply scrutiny earlier – using the new information generated by our proposed feasibility assessments, system statements and strengthened ombudsman services, detailed elsewhere in this report – to get issues onto their agendas before they escalate. Also, when failure happens despite early intervention, committees should be able to follow up issues over the long term, to minimise the risk that similar failure might reoccur. This would involve scrutinising the Government's efforts to implement the recommendations made by public inquiries. To support these efforts, we also recommend that the committees are given more staff resources.

These improvements would have several benefits. Earlier scrutiny would prevent issues from developing into crises that are solved by punishing those perceived to be responsible. This also would enable committees to act as a forum where those responsible can learn from their mistakes, and correct their course of action.

1. Introduction

Accountability plays a big part in determining the public's trust in government. However, in its current form it is beset with weaknesses. This not only damages trust, but also can harm the public. This report offers solutions for improving accountability in UK government.

This report sets out the recommendations of our project on accountability in modern government. The project has benefited from the insights of our advisory group, as well as interviews and contributions stimulated by the publication of our initial discussion paper[1] in April 2018.

Our discussion paper identified three factors that weaken accountability in government:

1. There are fundamental gaps in Whitehall's accountability, which affect both ministers and civil servants.

2. Successive governments have failed to ensure that accountability has kept pace with the increasing complexity of modern public service delivery, which is defined by decentralisation and outsourcing, among other factors.

3. Often, the culture of accountability in government is focused on blame rather than on improvement.

This report makes recommendations for addressing these weaknesses. This chapter sets out our view of why accountability matters. It argues that the complexity of modern government at all levels creates overlapping responsibilities. However, regardless of these overlaps, individuals must be held to account for their responsibilities.

Accountability matters

Accountability in government matters. It is vital that those running government, with the vast power that this implies, are clearly accountable for their actions to the people that government serves. When things go wrong, it may well be the case that 'heads must roll'. Sometimes this is because individuals have been directly responsible for serious failings – but more often, the existing leadership has to resign, given the scale of an issue, or because it cannot be in charge of putting problems right.

However, there is more to effective accountability than simply seeking people to sack after failure has occurred. When it works effectively, accountability promotes improvement in how government works, thereby promoting citizens' confidence in

their government. In this way, accountability can increase the wider legitimacy of the public sector.[2,3,4]

Effective accountability creates an environment that:

- **promotes learning** – to ensure that successes are repeated and failures avoided in the future. The role of learning through accountability is increasingly recognised as a vital mechanism to drive improvement[5]

- **generates incentives** (rewards for good performance and sanctions when it is poor) – for individuals and organisations to act in citizens' interests

- **enables desirable risk-taking and innovation** – ultimately, appetite for risk and innovation comes down to organisational culture, where rewards go to those who recognise risk and the focus is on mitigating it

- **develops individuals** – making them better able to achieve their goals and improve in their role. Those holding people to account should be providing advice and constructive challenge, clarifying questions of role and purpose, and helping to focus efforts.

Accountability in the UK Government is too weak

The accountability system currently in place has many strengths. More than 21,000 people including MPs, councillors and elected mayors are directly and democratically accountable to citizens. They are in charge of scrutinising the services delivered to citizens by 5.3 million (m) public sector workers daily.[6] In Westminster, Parliament plays a crucial role in holding the Government to account. In Whitehall, departmental accounting officers are personally responsible for how their departments manage public money, with oversight from the Treasury and independent scrutiny from the National Audit Office.

// **the civil service has taken steps in recent years to build better accountability arrangements** //

Moreover, the civil service has taken steps in recent years to build better accountability arrangements. The Government has started to publish assessments of how the implementation of major projects is going. In 2014, the Government revised the Osmotherly Rules, which frame the relationship between civil servants and select committees so that senior responsible owners for major projects now can be held directly accountable by Parliament for implementation. More recently, the National Audit Office and the Treasury have started to bring greater transparency to major projects and accountability arrangements for the public money managed by departments, by mandating accounting officers to publish assessments of some major projects, and system statements.[7]

In spite of this, significant weaknesses in accountability remain. We included many examples of failures in our discussion paper, *Accountability in Modern Government*,[8] including financial mismanagement, chronic underperformance and service collapse. These included issues with major programmes such as Universal Credit, the collapse of

academy school chains, and tragedies such as the 2017 Grenfell Tower fire in West London. We showed that when things go wrong, all too often no one can be held responsible and lessons are not learned. In the worst cases, the public are harmed and lives can be ruined.

The symptoms of weak accountability are visible in these failures. They include a lack of:

- clarity about who was responsible

- consequences for good and bad performance

- transparency and information.

Most tellingly, the same patterns of failure occur repeatedly, such as flagship policies running into difficulties, public services that underperform, or public money being wasted through cost overruns or delays.

Understanding and reinforcing basic responsibilities

At its heart, accountability is about a relationship between those responsible for something, and those who have a role in passing judgement on how well that responsibility has been discharged.

Effective accountability relies on clarity about who is responsible for what. Therefore, it is important that we preface our recommendations by reaffirming the basic responsibilities inherent to the UK's system of government, namely that:

- ministers (and political leaders in devolved and local government) are responsible for policy decisions – this includes ensuring that decisions can be implemented

- the civil service leadership (and equivalent leaders in devolved and local government) are responsible for ensuring that ministers (and equivalent political leaders in other levels of government) receive the advice they need, and that there is capability to implement ministers' policies

- the Treasury is responsible for ensuring that funding matches the agreed policies of the Government – that it is sufficient to deliver policies, without creating waste

- the leaders of public sector organisations (chief executives of NHS trusts, police chiefs, heads of regulatory bodies, among others) are responsible for their organisations' performance, ensuring that they are delivering the services determined by government policy

- private and voluntary sector contractors are responsible for providing the services set out in their contracts.

This division of responsibilities has deep historic roots, emerging from the many conventions around UK government which have developed over the years. We

provided a full discussion of how these evolved in our discussion paper, *Accountability in Modern Government.*

Overlapping responsibilities are inevitable

In practice, virtually all of these responsibilities overlap. Government is too complex to break down every action and identify one – and only one – person responsible for it. Nonetheless, the fact that responsibilities overlap does not mean that nobody can be held to account. People retain their respective responsibilities, and should be accountable for them regardless of others' performance. One of the key overlaps is in the responsibilities of ministers and civil servants within Whitehall. In setting policy, ministers are responsible for the decisions, while civil servants are responsible for the quality of advice.

Yet the 2018 Windrush scandal saw thousands of UK citizens at risk of being deported because of the Government's immigration policy, and ultimately led to the departure of Amber Rudd as Home Secretary. This case illustrates the overlaps in responsibility that apply both when policy is decided, and as the implications of implementing it become clear.

Theresa May, when Home Secretary, decided on the policy of creating a "hostile environment" for illegal immigrants.[9] As the policy's architect she should be accountable for those decisions, even if under the principle of ministerial responsibility her successors are now formally accountable for them. This remains true, regardless of whether advice from civil servants highlighted the risk of innocent people having their lives turned upside-down. Rather than letting the minister 'off the hook', poor advice simply changes the questions that a minister should be asked: 'Why did you not consider whether this might happen?' instead of 'Why did you ignore the advice?'

Equally, the fact that Theresa May remains responsible for the decision does not mean that the civil service should not be held accountable for the quality of its advice. Did that advice highlight the risks? Did it propose ways that those risks could be monitored or mitigated? Regardless of the ministers' decisions, the civil service remains responsible for ensuring the quality of the advice that ministers receive.

These overlaps also apply to policy implementation. When Amber Rudd became Home Secretary, the principle of ministerial responsibility meant that ultimately she was responsible for the consequences of implementing the policy that she had inherited. She alone had the power to review and change it, and she was responsible for not acting, even when individual Windrush cases were being highlighted in the media. However, equally the civil service is responsible for making sure that the policy was implemented in line with ministerial intentions, and to flag up the problems to ministers as they began to arise.

Such overlaps are inherent in government. They become more complex beyond Whitehall, where other organisations and political leaders (from devolved governments to local mayors, and councillors to police and crime commissioners) are involved. But the principle must remain the same: responsibilities remain in place

regardless of any overlap, and of the success or failure of others in discharging their responsibilities.

Solutions for better accountability

The Institute for Government's discussion paper on accountability identified three broad weaknesses with accountability:

- fundamental gaps in accountability within Whitehall

- outdated accountability in the wider public sector

- a culture of accountability which focuses on blame rather than improvement.

The main chapters of this report identify the most significant problems that flow from these weaknesses, and offer solutions.

Each chapter outlines the specific problem addressed, followed by recommendations to strengthen accountability. Our proposals go to the heart of the issues:

- breaking down the culture of secrecy that envelopes Whitehall's decisions

- requiring ministers who made decisions to initiate major projects, in spite of warnings, to answer for their consequences if they flounder or fail

- developing proactive means to correct recurring failures, before they lead to political crisis.

None of these recommendations is a silver bullet that will prevent future problems. Those looking for a single "big idea" to transform accountability across the vast range of activity of a modern government are likely to be perpetually disappointed.[10] But those content with the status quo underestimate the risks of keeping accountability arrangements as they are, given the harm that they potentially enable to carry on unchecked.

2. Addressing gaps in Whitehall's accountability

Accountability in Whitehall is shaped by conventions that have evolved in ways creating accountability gaps. We propose solutions to hold ministers and civil service leaders better to account.

The decisions made by the Government in Whitehall have a significant impact on citizens and businesses. Yet a tradition of secrecy pervades Whitehall. This makes it difficult to understand who is responsible for these decisions, and the evidence on which they are based. Ultimately, this enables ministers to promise more than their department can realistically achieve, and the civil service to escape responsibility for the advice that it provides.

We suggest that there should be greater transparency, so that ministers can be held accountable for how feasible their projects are, and civil servants for the advice that they provide.

In addition, Whitehall's conventions make it difficult to tackle issues occurring across departments, such as:

* repeated failure to build and deploy specialist skills

* failure to strategically ensure that aspects of the system operate effectively.

We propose ways to create greater accountability through independent, permanent oversight to support civil service leaders.

Holding ministers to account for their projects' feasibility

Too often, Whitehall's culture of secrecy protects ministers who make bad decisions on major projects, and civil servants who deliver poor advice. The solution is not just to make it easier to identify who was responsible after the event (although our proposals would achieve this), but to make clear that there has been proper consideration of the issues *before* decisions are taken.

As mentioned previously, ministers are responsible for decisions on major projects, including whether the projects they authorise can be implemented. Civil service leaders in departments are responsible for the quality of policy advice associated with the minister's projects, and for ensuring that the department has the necessary specialist skills and capability to deliver the minister's priorities. These decisions are complex and feature an element of inherent uncertainty, as evidence and information can change over time.

However, ministers often agree to projects that face serious known challenges or risks, making them very likely to fail. These failures not only waste public funds, but also harm the public at times.[1] For example, after 2013, the then Secretary of State for

Justice, Chris Grayling, decided to reform the probation service by outsourcing services and reducing the amount spent on the system. He did so in spite of both internal and external warnings that making sweeping changes to the system within a short timescale, and before the general election in 2015, would be risky. In the end the reform did not reduce reoffending, and failed to achieve its initial goal of opening up the market.[2]

In some cases, civil servants misjudge the feasibility of a policy when advising ministers. In 2006, the Rural Payments Agency struggled to implement the Single Payment Scheme, which resulted in payments to farmers being delayed. The National Audit Office commented that the agency had underestimated the effort required to deliver the scheme.[3] Officials at the agency reportedly assured ministers that it would be feasible to implement the most complex of three options for making single payments to English farmers. This advice served as a basis for the minister, Margaret Beckett, selecting the most complex option.[4]

> // often... policy decisions do not take into account the actual risks involved in implementation //

Such difficulties often arise because policy decisions do not take into account the actual risks involved in implementation – leading to what has been described as a 'valley of death' that projects must cross when moving from policy to implementation.[5] Weak accountability heightens the risk that such failures are allowed to occur repeatedly.[6] On the one hand, ministers have every incentive to be seen as active reformers. This can lead them to focus on announcing big projects, with less regard for their feasibility as they are implemented in future years. Ministers' tenure is often short[7] and frequently they either are given a new portfolio, or have left government altogether, by the time that the projects they have introduced either flounder or fail.

On the other hand, a high degree of secrecy surrounds their decisions. It is not possible for an external observer to tell whether civil servants have given the minister all the necessary advice, or to judge whether it was good quality. The advice given to ministers is confidential: this provides an essential 'safe space' for deliberation. However, it also makes it difficult to distinguish between instances where ministers:

- decide to go ahead with a project, even though the civil service has flagged up major risks

- authorise a project because the relevant risks were not raised

- take a balanced decision that a project should go ahead, because its benefits to the public outweighs the potential risks which the department is working to mitigate.[8]

It is important to protect the privacy of decision making, so as to avoid diluting the candid nature of the advice provided. Yet, in order to hold ministers and civil servants to account, external scrutiny needs to be able to unpick which of these scenarios have applied, once decisions to go ahead with projects have been made.

Tools and approaches already exist which can be built on to improve accountability. Accounting officers are personally responsible for ensuring the standards of propriety, regularity, value for money and feasibility of spending by their department, as set out in Treasury guidance. The guidance also requires that accounting officers conduct assessments of major projects at key stages (Accounting Officer Assessments), using these criteria. In 2017, following efforts from the National Audit Office, Public Accounts Committee (PAC) and the Treasury, the Government committed to making summaries of these assessments publicly available. Although these new requirements need time to bed in, since then only two summaries have been published – one of which was disappointingly bland.[9] The Infrastructure and Projects Authority publishes red–amber–green ratings, which highlight implementation issues to Parliament and the public after decisions are made. Finally, the civil service's internal audit function has been strengthened in recent years, which has helped foster better conversations about risk within Whitehall.[10]

Although these recent developments are a step in the right direction, more can be done, as set out in the recommendations below.

Recommendations

There should be greater transparency around the decisions made by ministers and the advice that they receive from civil servants at an early stage in a project's life cycle. This would prevent issues from arising later on, and enable ministers and/or civil servants to be held to account in the event of project failures. To enable this:

- **Select committees should call ministers back to give an account of their decisions, even after they have left office**. In recent years, committees have recalled former civil servants,[11] including accounting officers, "where there is a clear rationale for doing so".[12] For example, in 2006, former accounting officer John Gieve appeared before PAC, alongside his successor David Normington, to discuss the Home Office's accounts.[13] Similarly, Parliament should hold former ministers to account. Although there are restrictions on sitting MPs or peers being summoned to give evidence,[14] it should become the norm for committees to call the individuals responsible for decisions (for example, to initiate a project) to account, rather than simply questioning those who inherited these decisions. This is particularly relevant where ministers have decided to push ahead with highly risky or overly ambitious projects, despite being made aware of the risks involved for taxpayers' money, or to the public themselves. There should be a presumption that former ministers would respond to such calls regardless of whether they could be formally summoned.

- **Accounting officers should publish the risks identified and mitigations put in place for the delivery of major projects, to provide an agenda for future scrutiny**. Currently, accounting officers publish summaries of Accounting Officer Assessments to bring greater transparency to the feasibility of major projects which form part of a department's major projects portfolio. It is particularly important that future iterations of these summary assessments address feasibility concerns. Failing that, we recommend that accounting officers publish in full the discussion of feasibility made in the Accounting Officer Assessment after a project has been agreed, or at least a document clearly outlining the detail of the risks identified and how they are to be mitigated. Either way, there should be a way for these documents to be

endorsed by the relevant minister, and they should be addressed to the chair of the PAC as well as the chair of the relevant select committee.

- **There should be some external validation that these documents are high quality**. As a first step within Whitehall, the Infrastructure and Projects Authority could play a role in agreeing these documents. Currently, the Authority already recommends that project leaders seek independent assessments of deliverability prior to committing to projects.[15] Alternatively, Parliament could assess which statements provide useful insights to support scrutiny, and which do not. Dedicated staff within the House of Commons committee system (working for the Liaison Committee or Scrutiny Unit) could help make this judgement. Ultimately, the National Audit Office could use these assessments as evidence in its reviews of the Government's projects or programmes.

- **Committees should use these documents to scrutinise the implementation of major projects and the work of officials and ministers**. These documents would be particularly relevant for the PAC, which has made an offer to Government to undertake pre-implementation scrutiny.[16] More broadly, where foreseeable risks arise in the course of a project that were not identified in policy advice, officials should explain to Parliament why they were not brought up.

How would this make a difference?

This proposal would have several benefits. First, it would provide greater clarity about the rationale for going ahead with large projects. Second (and importantly), the requirement to publish these documents after a project has been agreed would increase the likelihood of relevant issues being raised with ministers before a decision is made. If ministers are personally expected to justify their decisions, even after leaving office, they would be encouraged to carefully weigh the risks associated with their proposed approach. Finally, this proposal would provide Parliament with a useful agenda for possible future scrutiny of project implementation, increasing the incentive for ministers to consider the longer-term consequences of their decisions. This would allow for better scrutiny of ministers and civil servants in light of the success or failure of a project.

Preventing repeated failures in the civil service

The civil service has a documented history of weakness in many basic functions, from finance and commercial insight to human resources. There are also examples of policies or projects going ahead apparently unchallenged, despite falling short of the standards set by the Treasury. Whitehall's conventions have resulted in gaps in accountability, which means that there has never been sufficient long-term focus from civil service leaders on resolving these two cross-cutting weaknesses.

Beyond their commitment to supporting individual ministers and departments, the leaders of the civil service exercise some collective responsibilities. These include ensuring that there is enough specialist capability in Whitehall to implement the Government's priorities, and that they are building this capability appropriately; and ensuring that specific aspects of accountability, such as the accounting officer system, operate effectively and safeguard value for money for taxpayers.

As things stand, failure occurs time and again in areas of collective responsibility. In the area of capability, weaknesses in using specialist skills have caused a string of delays and cost overruns in projects across the civil service, ever since the 1968 Fulton Report[17] called for greater involvement from specialists in implementing policies. For example, in 2013, contractors G4S and Serco were found to have overbilled the Government for their services providing electronic monitoring of offenders. Officials did not notice the irregularity for eight years, by which point millions of taxpayers' money had been overspent.[18]

More recently, the PAC blamed poor planning and contracting at the Home Office for the £229m overrun and four-year delay in modernisation of the Disclosure and Barring Service,[19] the body which provides safeguarding information to employers looking to hire people to work with vulnerable individuals or children. The department was criticised for signing the contract for modernising the Disclosure and Barring Service without a clear understanding of what was needed to deliver it successfully. The department's approach to designing the contract was deemed flawed by the PAC: only 3% of payments to the contractor were directly related to completion of the modernisation programme.[20]

There appears to be no effective planning process for ensuring that the civil service has the specialist capability available to deliver the Government's portfolio of priorities. The consequences of this omission are exacerbated by the civil service's overcommitment: the Chief Executive of the Civil Service, John Manzoni, noted in 2016 that that the civil service is "doing 30% too much to do it all well".[21]

With respect to safeguarding value for money, accounting officers – who play a key role in the proper management of their department's finances – have allowed some policies and projects to be implemented even when they fell short of Treasury standards for value for money and feasibility, among others. For example, the FiReControl project launched in 2004 was designed to reduce the number of control rooms required to handle calls to the Fire and Rescue Service. Yet the lack of buy-in from local forces, rising costs and unclear lines of accountability led the department to cancel the project in 2009, after £469m had been spent. The PAC later asked why officials at the Department for Communities and Local Government had not sought a ministerial direction* before proceeding with the project.[22]

More recently, the National Audit Office's initial review of Universal Credit found that the Department for Work and Pensions could not explain how it originally decided on the initial timetable for implementing the programme, or how it had decided that the roll-out of Universal Credit was feasible.[23] In these cases and others, accounting officers did not publicly request a ministerial direction to proceed, in spite of warnings at the start of the project about the feasibility or value for money of what was proposed.*

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*   If a course of action or policy proposed by a minister breaches the standards set out in Treasury guidance, the permanent secretary (as accounting officer) can register concerns with the value for money, feasibility, propriety or regularity of proposed spending. If these are not addressed by informal discussions, the accounting officer can ask the minister to issue him or her with a ministerial direction, meaning a formal instruction to proceed with delivering a policy.

Yet there is no forum for discussing the competing incentives* placed on permanent secretaries to speak truth to power.[24]

Several weaknesses in accountability lie behind these recurring failures in both capability and protecting the use of public money. In both areas, decisions such as those described are often subject to a high degree of political scrutiny: civil servants regularly appear before Parliament. But scrutiny only allows one side (Parliament) to question and report on what has happened, and by itself, this does not constitute an effective system of accountability – it needs to be complemented by oversight within the civil service. This should involve direct performance reporting lines, where the consequences for success and failure are decided. Lack of effective oversight to accompany scrutiny is likely to result in a string of reports highlighting the same failures, without triggering consequences for those involved, or generating sustained action to improve. This is exactly what we observe around the civil service.

> // Lack of effective oversight to accompany scrutiny is likely to result in a string of reports highlighting the same failures //

In theory, persistent weaknesses in both these areas should be addressed by the Prime Minister who, as Minister for the Civil Service, oversees the management of the civil service. In practice, no prime minister has the time to focus on this role, so it is usually delegated to the Minister for the Cabinet Office. However, successive prime ministers have failed to make serious appointments to this role. To be done well, it needs to be undertaken by a senior minister with the knowledge to oversee the civil service, the interest to make this a key part of their career, and the opportunity to remain in post for a period – say, three to five years – during which they could oversee sustained change.**

There are accountability gaps in both these areas. When it comes to specialist skills and capability, there is a lack of independent oversight of the plans that are now in place to improve specialist skills and capability in areas such as finance, commercial and human resources,[25] and whether permanent secretaries are really supporting these improvements. The planning process responsible for developing Single Departmental Plans could be used to drive a focus on skills and capability, but it is seen as a voluntary exercise. Some departments place it at the centre of their planning, while others largely ignore it.

Accountability gaps also affect the accounting officer system designed to safeguard public money. As discussed previously, there are many examples of projects that have gone ahead without accounting officers requesting a ministerial direction, despite

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* Permanent secretaries combine a number of different roles with different accountability lines. They are accountable to their minister for the majority of the roles that they fulfil in the department, including providing policy advice and implementing ministerial priorities. Conversely, they are directly accountable to the PAC in Parliament for ensuring that spending in their department meets the standards set by the Treasury. See Paun A and Harris J, *Accountability at the Top*, Institute for Government, 2013, p. 7, retrieved 30 August 2018, www.instituteforgovernment.org.uk/publications/accountability-top

** Since 1997, there have been 17 ministers in this post: only one minister (Francis Maude) stayed in post long enough (five years) to see through reforms in this area. See Institute for Government, *Tenure of Ministers for the Cabinet Office*, 1997 to 2018, 2018, retrieved 14 August 2018, www.instituteforgovernment.org.uk/blog/cabinet-reshuffle-live-blog-january-2018

risks being flagged by external observers or Parliament.[26] Indeed, while criteria to request directions on the grounds of feasibility were introduced in 2011 by the Treasury, it was not until 2018 that a ministerial direction was requested for this reason.[27] Yet there is seemingly no internal oversight tasked with ensuring that civil service leaders consider whether the accounting officer system is operating effectively, so that projects which represent a higher degree of known risk to public money are prevented from going ahead. Conversely, there is no independent oversight of whether strategies to help civil servants raise difficult issues with ministers are being implemented successfully.

Fortunately, there has been a lot of progress in recent years in establishing clearer responsibilities for improvement across the civil service, both for capability and for overseeing specific areas such as the accounting officer system.

To improve specialist capability on a cross-departmental basis in areas such as commercial, project delivery and digital skills, the Government began to set up 'functions' in 2013 to provide expert advice and services across Whitehall and arm's-length bodies. We have welcomed the ongoing efforts of civil service leaders to develop specialist skills – efforts which have stepped up considerably over time.[28] These functions are headed by specific individuals with responsibility for these improvements, and who can be held to account for progress – a first in this area. With leadership and strategic direction from the centre and networks across departments, these functions aim to bolster decision making and, ultimately, enable better public services for citizens. As a result, permanent secretaries have had greater access to specialist advice, notably through the work of the Infrastructure and Projects Authority in strengthening assurance processes, and developing capability.

In departments, the heads of the policy profession bear some responsibility for quality of advice. The introduction of non-executives into departmental boards has brought in independent professionals with experience of running large and complex organisations in different sectors. In some cases, this has greatly improved the level of advice available to permanent secretaries.[29]

Finally, the collective leadership of the civil service has been strengthened. Most importantly, the Cabinet Secretary, Chief Executive of the Civil Service and key permanent secretaries meet regularly to discuss the running of the civil service. This Civil Service Board effectively provides an executive committee to deal with some of the capability and prioritisation concerns.[*] This is a building block for future improvements, as suggested in our recommendations below.

Recommendations

The next step should be to create independent oversight to address recurring failure in capability, and to help ensure that the accounting officer system works effectively to protect public funds.

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[*] The Institute for Government's report *Professionalising Whitehall* (2017) calls for better representation of central heads of specialisms on the Civil Service Board. Other federated organisations in the wider public sector and private sector seek greater strategic input from specialists at the top table.

Government should set up an independent, permanent board to oversee the civil service leadership. In the absence of a committed minister, a board would ensure, through independent challenge and expertise, that the civil service has the right skills to deliver the Government's priorities, that the Government's overall portfolio of work is deliverable, and that the accounting officer system for advising and challenging ministers operates effectively.

We recommend the following.

- **Appoint a committed Minister for the Civil Service**. Having an experienced, able, persistent and long-standing Minister for the Civil Service would be the right formal structure for ensuring that the civil service faces up to the challenges highlighted previously. This would provide clear leadership, and help sponsor senior civil servants' efforts at ministerial level. However, churn in this post, and the varying interest of politicians in civil service oversight and reform, make this option less likely to materialise.[30]

- **Set up a civil service oversight board**. Given this political reality, the most obvious solution would be to establish a board structure with independent membership to address these strategic issues. It could have a non-executive chair appointed by the Prime Minister, and be composed of executives of the civil service with cross-departmental responsibilities (Cabinet Secretary, Chief Executive of the Civil Service, Permanent Secretary of the Treasury with responsibility for finance, and the permanent secretaries responsible for policy and operational delivery), as well as a majority of non-executives. This should include experienced departmental non-executives, and perhaps former ministers no longer involved in front-line politics. This would ensure that these non-executives have combined experience of running large and complex organisations and knowledge of how Whitehall operates. We suggest options for its remit below; details on how this board would operate should be the subject of further discussion.

This proposal is in line with those made by others. For example, GovernUp's 2015 report on the structure and management of Whitehall concluded that some form of board structure was the most sensible solution to tackle the type of issues discussed here.[31]

How would this make a difference?

At present, there are gaps in the accountability of the civil service leadership for improving capability and protecting public money. An independent point of oversight could challenge and usefully support civil service leaders. In particular, boards featuring independent members are widely used in the public, private and voluntary sectors to hold executives to account, and to bring in expert, independent challenge. Such a board could enable greater continuity to embed long-term improvements in building specialist capability (such as the functional agenda), and prevent reform efforts from losing momentum when an individual driving change moves on – as has been the case in the past.[32]

A board would provide a forum for strategic discussion, for example:

- whether there is sufficient specialist capability in the civil service to deliver the Government's priorities

- whether these skills are being developed appropriately

- how to strengthen the accounting officer system.

Moreover, a board could serve as a forum for discussing, deciding and overseeing how accounting officer responsibilities should intersect with the cross-departmental initiatives undertaken by functions. It could provide a forum for a selection of permanent secretaries to provide feedback to functional leaders on the services that they are providing to departments, and more widely to ensure that plans to build specialist skills across departments are on track.

As was the case when independent non-executives were introduced into departmental boards, it is likely that civil service leaders will rapidly come to see the value of such arrangements in providing experienced advice and support within private discussion. The challenge from an internal board would complement the inevitably more confrontational environment that senior civil servants face when scrutinised by Parliament.

3. Making accountability work in a complex public sector

Accountability arrangements have not kept pace with changes in public services – including the role of public bodies and private contractors in delivering them. Our recommendations aim to strengthen public service performance, and to ensure that local services work together to serve the public better.

The principles that govern accountability were developed in the late 19th century, and have not kept pace with the increasing complexity of modern government. Over the last 30 years, under the influence of new public management (a model of public sector governance emphasising efficient delivery of services),[1] many organisations have become involved in delivering public services. This includes arm's-length bodies and private and voluntary sector providers. Combined with some local devolution of power, this has resulted in a fragmented approach to delivering public services to citizens.

This has made it difficult to assess how the decisions of different organisations are affecting overall government objectives, and whether the services they deliver collectively perform well. There is increasingly little relation between the funding allocated by the Treasury, and the commitments made by ministers about the quality and scope of public services.[2] Consequently, vast overlaps exist in responsibility for public service performance: for example, whether or not hospitals, schools and prisons are doing well. Those involved can pass the buck, rather than discharge their responsibilities. We recommend a way for government to base its spending decisions on a realistic assessment of what public services can deliver – which can be used to hold all the different parties to account.

A further problem is that governments have made changes too frequently to the way that major public services, such as hospitals and schools, are run. These frequent policy changes can weaken accountability, which is often an afterthought. In some cases this has led to accountability arrangements that simply do not work, failing to protect the public and sometimes causing great harm to individuals (as mentioned previously). We recommend that accountability arrangements for major public services should be routinely examined, to provide assurances that they actually work.

The public relies on government for a wide range of services, many of which are delivered locally. The disjointed nature of public services is particularly acute in some sectors. For example, health and social care need to be delivered to individual citizens in a joined-up way, in spite of having entirely different accountabilities: the former to the Department of Health (in England), and the latter to local authorities. More broadly, certain public service operations can create pressure in others: for example, the benefit system's knock-on effects on homelessness. At present, there is no systematic

way of holding public service leaders to account for these links between services, which really matter for the public.

To resolve this, we propose ways to understand better how public services interact, and better means for focusing public service leaders on the importance of improving the links between their services.

Clarifying what public services citizens get for their money

The tight spending envelopes handed to public services in 2015 – including hospitals and prisons – have proved insufficient to deliver the Government's aims. Government's spending decisions tend to focus on the short term, and are not scrutinised enough. Ultimately, this leads to a mismatch between the quality of service promised by leaders, and the actual performance that the public experiences.

A well-functioning state requires public services that are funded appropriately and run effectively to the benefit of citizens. There is no single responsibility for this. Ministers and local political leaders (for example, any local councils deciding on the means-testing of social care provision) are responsible for deciding policy about what services should be provided to the public. HM Treasury decides on spending allocations with departments, to ensure that funding matches those policies. Finally, public service leaders across the country – from local police chiefs to chief executives of NHS trusts – ensure that their public organisations deliver services and good performance.

These overlapping responsibilities can cause problems, including public services that are not funded well enough to serve the public effectively. This is caused by the frequent failure to consider adequately the relationship between spending and performance. The Treasury has strong incentives to control spending, but much weaker ones to focus on the level of service delivered.[3,4] There is also the danger of optimism bias, which is a particular risk within the spending review process, and results from challenging financial constraints and the highly politicised nature of the process. These issues make it difficult to strike the right balance between funding and the scale and quality of services promised by ministers.[5] This is particularly alarming, given the significant pressures on many public sector organisations and public services.

- Prisons are a telling example. Prison spending fell by 21% in real terms between between 2009/10 and 2015/16. It has since risen, but still remains 16% below 2009/10 levels. This led to a sharp decline in the number of prison officers. This, along with the increasing prevalence of psychoactive substances, undermined prison staff's ability to manage prisons safely (whether preventing suicides or assaults on staff). In 2017/18, there were three times as many assaults on prison staff than there were in 2009/10, which includes a 26% increase in the last year alone.[6]

- In the NHS, the Government has found itself locked into a cycle within which it keeps funding hospitals' deficits.[7,8] Although spending and staffing levels have gone up, so has demand, which has resulted in patients waiting longer for essential services. For example, the number of emergencies being treated within the four-hour target fell by 8% between June 2009 and June 2017.[9] Similarly: "the

target that 92% of people should begin treatment for non-urgent conditions within 18 weeks of referral was first breached in December 2015 (91.8%). As of July 2017 it was 89.9%. The recorded waiting list [for such non-urgent conditions] increased by over 60% between July 2009 and 2017, from 2.5m to 3.9m (the highest the waiting list has been in a decade)".[10]

Inevitably, political motives drive spending decisions. Spending reviews operate as a series of bilateral discussions between the Treasury and individual departments. This discourages joint working to solve complex issues spanning different departments.[11] This can easily lead to gaming, pushing ministers to 'do a deal' with the Treasury by agreeing numbers early, sometimes causing increased costs in other departments ('cost-shunting').[12] The process is also plagued by short-term calculations. As mentioned previously, it suffers from excessive optimism: governments of all stripes "assume the best possible outcomes, understating risks and assuming everything will work exactly as planned, while plugging any gaps between demand and resources with often heroic efficiency assumptions".[13]

// **Inevitably, political motives drive spending decisions** //

Current structures and systems provide too little independent assurance, challenge and scrutiny about the link between the funding allocated, how well services perform, and how sustainably they can run.[14] Parliamentary scrutiny and control is weak, with MPs complaining about the lack of time to debate the Government's spending plans, which are often impenetrable.[15]

In several areas of government, this lack of scrutiny has resulted in a discrepancy (or spending gap) between ministerial ambitions for the performance of certain services, and what is possible with the resources available.[16] The last spending review often provided too little funding to match ministerial pledges. This combined failure by the Treasury and ministers left public service leaders making increasingly difficult decisions on top of the efficiencies they had already achieved. For example, the NHS had to raid funds for long-term improvements to keep day-to-day services running.[17]

There are existing approaches and mechanisms to assess how sustainably public services are funded. Prior to its abolition in 2010, the Audit Commission used to provide systematic information on the relative performance of services and their overall financial sustainability. The National Audit Office now undertakes some studies on the financial sustainability of specific services such as the NHS, schools sector, police forces and local government. However, as an external, independent audit body, it does not have a role in providing assurances about the robustness of financial and performance planning before decisions are made; neither can it challenge ministers and the Treasury in regard to policy decisions – especially the vital ones inherent in spending reviews.

The independent Office for Budget Responsibility (OBR) does have such a role, but only in relation to taxation and benefit spending. It has played an important part in public debate by forcing the Government to face up to the fiscal situation – providing transparent, authoritative information that feeds into government's budget processes.

But the OBR only examines taxation and certain forms of spending – particularly benefit spending. For the bulk of spending on public services, the OBR simply accepts the level set by the Treasury. It does not look at the commitments made by ministers, or whether the level of spending can deliver them.

To improve accountability, these mechanisms need to be built on, as we set out in our recommendations below.

Recommendations

Government and Parliament should ensure that transparent, authoritative information underpins the spending review process. This would enable those involved in making spending decisions to examine the relationships between spending and performance, improving the quality of decision making and clarifying accountability when government is unable to meet its targets. To enable this:

- **Departments should publish statements at the end of the spending review process, setting out any changes which have been made to planned spending, and how these are going to be achieved practically** (policy changes, service standards, efficiency and transformation). These statements should be developed and used during the government's internal spending review process to "anchor" negotiations. These statements could provide an improved basis for Commons committee scrutiny.[18]

- **There should be improved independent scrutiny to check the quality of the financial and performance models used to produce these departmental statements**. As argued in the Institute's recent report on the spending review, this scrutiny should examine whether the financial models used to produce the statements are sound; whether the Treasury and departmental teams "have followed a sensible and rigorous process in putting together their models; that any key assumptions are evidenced, and consistent across Whitehall; and that the Treasury and departments have an understanding of the practical means by which spending will lead to the intended level of performance and outcomes".[19]

- **The National Audit Office could be invited to comment on departments' statements for the next spending review expected in 2019**, as argued in the Institute's recent report.[20] This could serve as an initial practical step, given the lack of time to set up a new mechanism before the spending review. In the longer term, the focus should be on continuing to "strengthen financial and performance planning through the skills of Treasury staff, agreement between the Treasury and departments on how to measure and pursue performance, and more independent scrutiny to strengthen financial and performance planning".[21]

- **The information created by this independent scrutiny should be used by all those holding to account the different actors with overlapping responsibilities for how public services are run** – including the Treasury, ministers and leaders of public sector organisations. In particular, it could provide the basis for the parliamentary scrutiny of spending decisions. Parliament has long lamented the "generally poor scrutiny by Parliament of Government expenditure before the event".[22] In 2011, Edward Leigh and John Pugh recommended a new House of Commons committee to

scrutinise the Government's expenditure plans. This committee would report back to Parliament on whether the Government's plans are feasible, and on the capability of spending departments.[23] The House of Commons Procedure Committee is currently exploring options for Parliament to be more involved in scrutinising government spending plans.[24]

Others have called for similar measures to improve public service performance, and to ensure that services are funded sustainably. In 2013, the Fabian Society recommended the creation of an Office for Public Performance: a non-departmental public body modelled on the OBR to provide independent and evidence-based analysis of public service performance, focusing on what spending decisions are intended to achieve, not only their cost.[25]

How would this make a difference?
The proposals on improved scrutiny outlined above would allow decisions to be based more clearly on evidence. They would push the Treasury to justify how spending limits match ministers' policy commitments, and avoid the apparently arbitrary nature of some spending decisions by making their rationale more transparent. Independent scrutiny of spending plans would discourage departments from operating with the optimism bias that frequently occurs within the spending review process, and would push service providers to justify any failure to achieve realistic efficiencies. It also would ensure that departments continuously improve their financial models, and the data underpinning them, to improve decision making.

Ensuring that accountability across public services works in practice
There are many examples where accountability arrangements should have protected the public, but failed. These are not isolated incidents, but a pattern that seems endemic across government – whether failing academy schools endangering children's education, the deaths of patients in places such as Gosport, or the catastrophic failure of building and fire regulations that led to hundreds of unsafe high-rise buildings. We need a proactive way to ensure that accountability arrangements actually work before problems occur, rather than just trying to patch things up after they have failed.

Ministers have ultimate responsibility for policy, including responsibility for making sure that every policy area has accountability arrangements that work in practice. Of course, specific accountability arrangements vary between policy areas. In general they will include effective provisions for oversight, regulation, inspection and scrutiny. For example, NHS foundation trusts are statutory bodies with independent powers established by legislation. Trust boards oversee them, while arm's-length bodies including NHS Improvement and the National Institute for Health and Care Excellence (NICE) have roles in inspection and regulation. When there are problems, patients can make complaints through the Parliamentary and Health Services Ombudsman.

Ministers' ultimate responsibility is particularly crucial in situations where failure can cause harm to people's lives and livelihoods. Yet history demonstrates that ministers have routinely implemented new policies which lack accountability arrangements; while at other times they have weakened or removed aspects of existing arrangements, including individuals' ability to appeal decisions and seek redress.

Failure arises when new policies lack accountability arrangements from the start, such as with academy schools. Previously, schools had mainly been funded by, and were accountable to, local government. But after 2010, many schools were converted into academies, gaining more autonomy from local government in the process. These schools received direct funding from the Government and were accountable to the Secretary of State for Education. This created significant, and predictable, accountability issues. National government has no mechanisms for properly overseeing what is happening in thousands of schools spread throughout the country.[26] This has led to well-publicised problems, such as the collapse of Wakefield City Academies Trust,[27,28] and the misuse of school resources at Durand Academy.[29,30] Similarly, there have been concerns about the governance arrangements for local enterprise partnerships (LEPs), as demonstrated by the National Audit Office's investigation into the Greater Cambridge Greater Peterborough LEP, which raised concerns about lack of oversight and insufficient transparency.[31,32]

In other cases, accountability arrangements are weakened or removed over time – sometimes deliberately, but at other times due to a gradual, unchecked drift in policies and practice across government. Changes to building regulation and fire safety rules over a course of years led to dozens of buildings being fitted with dangerous cladding, including Grenfell Tower in West London.[33] In 2018, the Hackitt Review deemed that the resulting system of building regulation was "not fit for purpose".[34] In Gosport, the failure of a succession of accountability arrangements resulted in hundreds of preventable deaths at Gosport War Memorial Hospital.[35] The families of the victims spent decades fighting for justice.

A lack of accountability arrangements in some areas means that sometimes, the opportunity to correct failure at early stages is missed, leaving issues to grow into scandals. This in turn generates a political crisis that eventually has to be addressed through high-profile means, such as a parliamentary inquiry. The tendency to allow problems in policies and services to reach the point of crisis – in hospitals or prisons,[36] and more widely in other areas – reflects poorly on government's ability to manage the complexity of the public sector. It also contributes to a 'high-stakes' form of accountability, where a culture of blame dominates. This undermines people's incentives to be open about failure, and to try to learn from it.

// **Currently, there is no systematic way to assess whether a new policy has effective accountability arrangements** //

Currently, there is no systematic way to assess whether a new policy has effective accountability arrangements. This means that there is no straightforward way to hold ministers accountable for the performance of these arrangements. As mentioned previously, this problem is complicated by the convention that ministerial responsibility is bound to the office of minister, not the individual who made any particular decision. While ministerial tenures are typically around one to three years,

the life cycle of accountability arrangements is far longer,* so the consequences of poor arrangements almost certainly come to light only after an individual has left office. This reduces the incentives for ministers to consider long-term accountability arrangements when designing or modifying policies. As a result, when failure occurs, current ministers are often left having to explain decisions made by their predecessors and taking the blame for their mistakes.

Some progress has been made in recent years. Departments now publish some descriptions of their accountability arrangements in accounting officer system statements – a proposal made by the PAC and subsequently adopted by the Government.[37,38,39] System statements are documents prepared by departmental accounting officers which outline their understanding of accountability relationships at all levels of the department. System statements are a welcome development which can be built on to continue improving accountability arrangements. In the future, reviews of accountability arrangements could go beyond the accounting officer's personal responsibility for spending, and might consider accountability gaps that lead not only to wasted public funds, but also harm to the public. We propose to further build on this, as our recommendations below set out.

Recommendations

There should be a systematic way to assess the effectiveness of accountability arrangements for policy. This would make it easier to ensure that working accountability arrangements are in place across policy areas.

- **The Treasury should develop its criteria further for assessing the quality of accounting officer system statements**. It should improve its guidance by expanding and updating the criteria used to assess whether there are effective accountability arrangements for managing public money. The criteria should focus on the risks relating to public spending, building on existing guidance – such as the Orange Book – on managing risk in government. These criteria could detail how departments should consider which types of accountability arrangements – such as stronger scrutiny, or inspection functions – need to be implemented to fill any gaps that might exist. The revised guidance also should encourage departments to ensure routinely that these arrangements work as intended in practice, and to set out who is accountable for testing them. Ultimately, the system statements should link clearly to the Single Departmental Plans.

- **Departments should routinely review the accountability arrangements for all their policy areas**. Accounting officers are directly accountable to Parliament for the use of public money within their department. However, there are wider accountabilities which fall beyond the remit of financial management. These should be routinely reviewed to ensure that they work in practice, and that there are no accountability gaps which might lead to harm to individuals. This includes accountability for areas such as building control and fire regulation, especially when decisions are made at a ministerial level over time to change regulations,

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* Between 1997 and 2015 the average ministerial tenure was two years, two months for secretaries of state, and one year eight months for junior ministers. Source: Freeguard G, Andrews E, Devine D, Munro R and Randall J, *Whitehall Monitor 2015*, Institute for Government, 2015, p. 26. www.instituteforgovernment.org.uk/publications/whitehall-monitor-2015

sometimes creating gaps. These reviews should involve the leaders of the organisations involved in delivering front-line services (such as arm's-length bodies and other public sector organisations). The findings from such reviews should be published and signed off by the responsible minister.

How would this make a difference?

We want officials and ministers in Whitehall to think about accountability as they develop policies. These changes would encourage government departments and agencies to focus on the effectiveness of their accountability arrangements, helping to ensure that policies work as intended. By formalising the processes for designing, implementing and reviewing accountability arrangements, there would be a greater focus on accountability for policies.

While ministers have always held a responsibility to do this, whether or not they have actually discharged it has not been appropriately scrutinised. Our recommendations would see that they take this part of their role more seriously. Moreover, these proposals should help officials and ministers to understand how to design accountability arrangements that are fit for the complexity of modern government. A process of routine review, backed up by criteria from the Treasury, will force them to confront the issue of robust accountability on a routine and substantial basis. In time, Parliament could recall former ministers to account, notably where a lack of routine review on their watch meant that accountability arrangements became ineffective over time.

Strengthening scrutiny of the links between local public services

The effectiveness of local public services matters, and shapes public attitudes towards government more broadly. However, the performance of certain public services can be influenced by factors outside their control (for example, cuts in social care leading to higher costs to the health system). Public services need to be more joined-up at a local level, to serve the public better. This would involve a greater understanding of how decisions made in one service can affect another.

The public relies on a wide range of government services. Often, these have to work together at a local level[40,41] – for example, when people are moving from hospital into social care, or in supporting children with emotional problems where schools, children's services, mental health services and potentially the police may be involved.

Different public service leaders are responsible for each of these services, including how their own service links to others to support the public. Obviously, these responsibilities overlap: both a hospital trust chief executive and a local authority chief executive have responsibility for making sure that the link between local hospitals and provision of social care works properly, albeit each with responsibility for making their own side of this link work.

Accountability for many factors which affect the quality of public services, such as how well they are run and whether they have adequate resources, is well-established. Responsibility for quality of leadership and the provision of resources runs up through familiar chains of oversight, ultimately to an elected individual such as a metro mayor or minister. However, accountability for the influence that different public services

have on each other is less well understood, and requires an understanding of the wider responsibilities held across a system of services. The connections between public services mean that changes in one service can lead to poor performance, or outright failure, in another. Examples include:

- Delayed transfers of care, when a clinically fit individual cannot be discharged from a hospital due to lack of capacity in local social care services. These delays are not conducive to good outcomes for patients, and are increasingly expensive, costing the NHS more than £820m a year.[42] They also stretch the NHS's ability to treat other patients, as beds and other services are taken up with providing non-clinical care.

- The underperformance of health and social care services – particularly for issues such as mental health and drug or alcohol addiction, which create additional burdens for local police services.[43,44]

- An established link between increases in school exclusions and rising rates of crime.[45,46,47] In this case, local police services are placed under additional pressure due to the failure of school systems to manage students.

- A growing understanding of the relationship between welfare reform, housing benefit and rough sleeping.[48] Delays to housing benefit and other issues with the welfare system may have made people homeless, placing new pressure on a range of services, including local government rough sleeping units, the NHS, police and social care.

In addition to these well-known interactions, there is an ongoing risk that the complexity of government produces new, often unanticipated harms. In these cases, the leaders of a service which comes under pressure may not understand what is driving the change. It may not be obvious whether the failure is due to poor performance on the part of the service itself, or external factors arising from other public services.

Here, overlaps between services are unknown and can be hard to identify, even where there is some clarity on how each individual public service works. These overlaps create gaps in accountability, where the performance of a service is influenced by factors outside the control of the individual responsible for them.

In all these cases, the real performance of a public service is adversely affected by another. For these services, the change in performance is not related to the intrinsic quality of its own management and resources.

The leaders who are responsible for these services may understand how their service operation affects others – such as with delayed hospital transfers and social care. In these cases there is a shared responsibility for the welfare of the individual members of the public stuck between services. Better ways are needed to track the performance of these links at the local level, then a way to use this information to help local service leaders to work together better.

To resolve the unknown, emergent problems which can follow policy changes, we need to further develop our understanding of how services interact. Earlier in this report we discussed the importance of government understanding how responsibilities for services cascade through different organisations, and how this provides clarity about responsibility. However, this is not enough on its own to help fix the current issues arising from the links between public services. Government needs to learn how services create pressure on each other, to help prevent future problems. We need better ways to scrutinise how links between local public services have an impact on their performance. This should build on existing capacity in local and mayoral combined authorities, where there is a good understanding of the local factors that may influence performance. The metro mayors are well positioned to use their position to convene groups of local leaders who oversee different services.

There are existing approaches that enable leaders and scrutineers to develop an understanding of how services relate to one another. The National Audit Office has started to examine the interdependencies between services in health and social care,[49] and has set out principles that departments should take an integrated view across departmental silos – notably, to understand the links between services better.[50] Local governments also have developed joined-up approaches to tackling issues across services.[51] These need to be built on, as proposed in our recommendations below.

// **the Government needs local capacity to track the links between different local public services** //

Recommendations

To improve performance, the Government needs local capacity to track the links between different local public services, and how these affect different services' performance. This could take the form of forums bringing local leaders together beyond internal council mechanisms – this would involve scrutinising the work of local leaders, helping them to understand how their responsibilities interact and overlap, and how changes in the performance of the services that they lead can affect other public services. This model could be initially trialled and developed within mayoral combined authorities. To achieve this:

- **Government should review the case for setting up local PACs, which could help scrutinise the links between local public services**. These committees, proposed by the Centre for Public Scrutiny,[52] would provide new capacity to local government to scrutinise performance across the breadth of services offered in a region. Initially, these should be trialled within mayoral combined authorities. This would enable local leaders to take a system-based approach to performance, rather than examining individual services in isolation. Local PACs would enable greater clarity on the intersection between the responsibilities of individual bodies and others, particularly where the performance of a service can hamper the work of other service leaders. In addition, they would enable leaders to gain a better appreciation of the complex interactions between public services, and equip them to mitigate negative externalities that their service might create for another, helping to prevent more serious problems later.

- **We need local capacity to track the links between different local public services, and to examine how these relationships influence the performance of services**. This could take the form of new performance assessment units aggregating data independently on the performance of different public services, in order to examine the links between them, and paying special attention to cases where one creates external pressure on another. These would be a natural fit for the metro mayor model, which already oversees a whole economic area, and could be trialled there in the first instance. These units could provide local executives with a better understanding of how local public service leaders are performing. The information developed could be used to support local PACs in a similar way to how the National Audit Office supports PAC.

- **Local leaders should use the information generated by the proposed performance assessment units to develop a shared understanding of responsibilities for public services**. The proposed units should share information as part of a network. This would make it possible to identify trends in how public services interact, accounting for local and national factors. Sharing information would help inform local public service leaders across the UK about the shared challenges affecting the performance of public services.

How would this make a difference?

As we have argued elsewhere, the fact that a system is complex does not absolve individuals of their responsibilities. These proposals serve two fundamental aspects of accountability. The assessment units would provide more information about local public services, which in turn would enable better scrutiny by local PACs. By creating clarity around who is responsible, those in power would be better equipped to understand their roles and obligations, so that they can keep sight of issues that may become problematic. Then when failures do arise, the scrutiny models we suggest offer clearer accountability by establishing a better link between what has happened, and who is responsible.

4. Creating a culture of improvement

Good accountability creates an environment where lessons can be learned. Yet the UK's current system of accountability focuses on blame to the point where it may impede improvement. Our recommendations aim to both strengthen accountability and enable those in government to learn from mistakes and make improvements.

Blame has been an inherent part of the UK system of accountability, and a powerful motivator for those in power. It can encourage ministers and officials to focus on outcomes, although there is scope for them to do this even more vigorously. However, focusing on blame can discourage desirable risk-taking, hamper innovation and encourage box-ticking.

There are different reasons why political accountability in the UK is inclined to focus on blame. They include the adversarial nature of Parliament, but also the media's tendency to highlight government failure. These factors are compounded by the structure of government which, as set out in our earlier discussion paper, creates a hierarchy that places almost all responsibility on the shoulders of a small number of individuals.[1] As mentioned previously, these factors combine to create a high-stakes environment and cycles of negative feedback. The resulting culture of blame sometimes leads to high-profile dismissals that are costly in terms of public image for the individuals concerned, but often achieve little in terms of solving the underlying issues.

Response to failure cannot simply be a search for someone to blame. Often, members of the public who have suffered harm as a result of a public service failure are motivated by demands for justice, but they also want to understand what went wrong, and want to see a commitment to change so that it does not occur again.[2,3] This also means that the organisations that investigate failure and scrutinise the work of public bodies on behalf of the public need to focus on learning from what went wrong.

On this basis, some sectors dealing with high-stakes life or death situations[4] such as health care, aviation and nuclear safety have developed a different approach to accountability: the 'just culture'. It is premised on the notion that people are fallible, and aims to "balance learning from incidents with accountability for their consequences".[5] The approach seeks to avoid rushing to judgement and blame. For example, the Healthcare Safety Investigation Branch's ambition is to "improve safety through effective and independent investigations that don't apportion blame or liability".[6]

In practice, the 'just culture' enables a finer understanding of accountability through a "commitment to learning from mistakes [which] also allows for people and

organisations to be held to account for reckless behaviour that causes harm".[7] It aims to look beyond the actions of single individuals to wider teams, organisations and systems in order to learn from an incident, while still holding people to account for undesirable performance. It does not offer a free pass to reckless behaviour, neither does it leave scope to 'blame the system'.

In the context of government accountability, a 'just culture' approach could mean investigating issues sooner, and from a position of open enquiry. The work of government is frequently complex, and failure occurs despite the best of intentions. Accounting for this is made harder by inherent gaps in the system, which limit the amount of information available to decision makers, and often make it unclear who is responsible. A 'just culture' of accountability should acknowledge these challenges, and encourage the reporting of incidents or errors so as to work through the mistakes with those involved and learn from failure. Ultimately, this could lead to a 'positive error culture', where learning can be shared with others to improve practice – notably when there are mechanisms or communities of practitioners in place to enable this.[8]

However, as we have discussed, there are times where ministers and officials have made decisions in the likely knowledge that public funds may be wasted, or that harm might occur to parts of the population. Here, an approach to accountability based on the 'just culture' could help to better discern between genuine error and unjustified, and sometimes reckless, risk-taking. For example in 2003, in the face of warnings and opposition, notably from the then Mayor of London, Ken Livingstone, the then Chancellor Gordon Brown championed three complex public–private partnership contracts to upgrade London's underground rail network. Even though serious financial and operational problems emerged, as foretold, the Chancellor was not asked to justify why he persisted with this approach.[9]

// Parliament plays a fundamental role in holding the Government to account //

As noted in our April 2018 discussion paper, "new cultures can only be built over the long term, mainly through tangible changes to structures and processes".[10] Below we outline problems that stem from the existing approach to accountability and provide recommendations which, in conjunction with those presented above, might go some way towards further transforming the UK's culture of accountability.

The culture of blame operates at its best in the context of high-stakes political crises, from Windrush to probation reform. When a problem occurs, scrutiny focuses on attributing blame, often after harm has occurred. Our first recommendation is intended to enable earlier interventions and scrutiny, notably by involving ombudsmen, so that learning can take place and issues be investigated before they escalate to a point where 'heads must roll'.

In addition, Parliament plays a fundamental role in holding the Government to account. However, sometimes this scrutiny can be confrontational in nature, with committees' persistent questioning leading to defensiveness from witnesses. Our proposals aim to support committees in getting to the heart of the issues that they are tasked to examine by using the information generated by our other recommendations. In the

longer term, this might help create an environment where more candid, informed discussions can happen with those being held to account.

Getting better information earlier, to enable improvement

Government failings rarely receive timely scrutiny. Too often scrutiny comes when a crisis has arisen, long after the public has suffered harm, and the opportunity for a constructive dialogue about the issues has disappeared. These delays in accountability also considerably heighten the stakes for solving underlying issues, which encourages blame and inhibits learning. We propose stronger systems to track and investigate failings earlier, to support more effective scrutiny.

The complexity of modern government leaves greater scope for things to go wrong. Yet our current system of accountability often holds off on meaningful scrutiny of issues or failure until the point of political crisis.

// **Too frequently, accountability delayed is accountability denied** //

Too frequently, accountability delayed is accountability denied. It not only results in harm to individuals, but also harms government itself, if public trust decreases as a result. This raises the stakes of failure. We need earlier interventions that take place before the scale of harm grows. This would make it easier to apply a 'just culture' approach to learn where responsibilities have not been fulfilled, where accountability lies and, most importantly, what improvements should be made to prevent future failures of a similar nature.

Currently, there are well-established, top-down systems that routinely track the performance of public services. Organisations such as the quality regulators gather information about issues and failure. For example in education, Ofsted inspects schools and provides information on their performance. Such organisations offer a way to examine common, well-understood issues within a system, although they do not deal with accountability when things go wrong.

However, we need a stronger, bottom-up system which can investigate failings earlier. This system would complement the routine top-down inspections, but would support a culture of learning and improvement by getting to the issues proactively and directly. This would help us to catch novel or poorly understood problems which can arise due to the inherent complexity of how policies are implemented, and public services are delivered. This also includes issues which fall outside the scope of routine top-down inspection. Additionally, even known issues become less well understood as the distance increases between the individuals responsible for a policy or service, and those affected by its failure. Improving our bottom-up systems for investigating issues could help improve accountability and learning by intervening earlier, and closer to the source of the failure. Recent examples of issues where early warnings were missed or ignored include the following:

- The negative impacts of the Home Office's "hostile environment" policy on children of the Windrush Generation were picked up by caseworkers and community groups years before the story received media coverage.[11] Even then, it was months more

before Parliament took interest in the issue and forced the Home Office to review the policy, and the Government to open up avenues for redress to those who had been affected.

- Failures at the Mid Staffordshire NHS Trust, as investigated by the Francis Inquiry, caused extensive harm to members of the public. The inquiry report noted how the Trust's board "did not listen sufficiently to its patients or its staff or ensure the correction of deficiencies brought to the Trust's attention".[12]

Some existing mechanisms play a role in feeding information in a bottom-up way. The nine existing ombudsman services serve as a backstop for these types of problem. They gather information about public service delivery in a bottom-up way, and government policies more broadly. Their role is to investigate specific complaints about faults made by government. These organisations receive specific concerns and complaints about public services directly from members of the public. Individuals can only appeal to an ombudsman once they have exhausted their options directly with the service provider's complaints process.

However, there are limits on the effectiveness of ombudsman investigations. In some instances there is no appropriate body responsible for handling complaints of a particular nature; and even where such a body exists, often they are constrained by rules which dictate when and how they can conduct an investigation. This limits their ability to look at systemic problems that cut across multiple policy areas. It also slows down the investigatory process, making it harder to pre-empt further failures. These mechanisms need to be built on to improve accountability, as discussed in our recommendations below.

Recommendations

There are ways to address and improve how government tracks issues and investigates the harm done to individuals as a result of its policies. It is possible to devise a form of accountability for these failings that promotes learning when things go wrong, and delivers improvement as a result.

One step is to consolidate the existing investigative services, in particular the ombudsman services, so that they can share their expertise and examine issues in a more systemic way. This would support our earlier recommendation to examine the links between public services. These investigative services also need better powers to investigate and understand failures earlier. This would help embed 'just culture' ideals by ensuring that accountability is delivered in a less charged environment. To achieve this:

- **Government should introduce the Draft Public Services Ombudsman Bill**. This would combine the Parliamentary and Health Services Ombudsman with the Local Government Ombudsman to create a new, more powerful Public Services Ombudsman which can handle complaints across the full range of public services.[13] This would equip ombudsman services to deal better with the growing complexity of public service delivery where multiple organisations are involved. A newly empowered Public Services Ombudsman would provide an active source of enquiry

and analysis, which would help to direct the attention of select committees in a similar fashion to how the National Audit Office supports the work of the PAC.

- **Government should grant 'own motion' powers to the ombudsman services, so they can investigate issues sooner**. All ombudsman services, including the proposed Public Services Ombudsman, should gain 'own motion' powers common to other regulators. These new powers would allow them to investigate problems that they have identified – where there is evidence of significant or repeated failure – on their own initiative, without the need for complaint from an individual.[*] This will enable them to examine issues earlier, to resolve them before they become crises, and to ensure remedy for those affected as well as encouraging learning and improvement. Others, including the former Public Administration Select Committee and the Gordon Report, have suggested that such powers are "standard for most ombudsmen outside the UK, and [have] proved useful in bringing systemic improvements in public services".[14]

How would this make a difference?
The culture of blame is linked to a system of accountability that is too slow, and allows issues to fester into crises. Our proposals maximise accountability for earlier learning and improvement. They would help the system of public services to pre-empt major failings, and support those investigating failure to get to grips better with the complexity of modern public service delivery.

By getting to issues earlier, and by adopting a 'just culture' approach which promotes learning about the causes of failure, our recommendations would help the responsible public service leaders prevent future issues. Finally, the information generated by ombudsman investigations could be used to support scrutiny from parliamentary select committees, serving as additional, potential sources of evidence.

Parliamentary scrutiny that promotes learning and improvement
Committees have grown increasingly confident and made strides in improving their scrutiny of government. However, inquiries are normally retrospective, and committees have little capacity to track issues over time. Helping committees to obtain the right information early can enable in-depth, informed scrutiny before issues become crises. More persistent scrutiny also would ensure that government makes the necessary changes to prevent failure from reoccurring.

Parliament exists to hold government to account on behalf of the public. There is no other forum with comparable power to ask the most senior and powerful individuals challenging questions. Parliamentary select committees provide the ultimate form of scrutiny of the Government's work. However, opportunities to use this platform to

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*   When public services fail individual citizens, the first step towards redress is an agency's complaints mechanism. Failing that, complaints can be referred to ombudsmen by an MP: this is known as the 'MP filter'. Some ombudsmen services such as the Health Service, Local Government or Housing Ombudsman do not require such a referral. In the context of the proposed Public Service Ombudsman, powers for it to act on its own initiative were deemed crucial. See Everett M, *Draft Public Service Ombudsman Bill*, House of Commons Library Briefing CBP-7864, p. 25, retrieved 19 September 2018, https://researchbriefings.parliament.uk/ResearchBriefing/Summary/CBP-7864, and Everett M, *A Public Service Ombudsman for the UK*, House of Commons Library Briefing CBP-7587, pp. 9–10, retrieved 18 September 2018, https://researchbriefings.parliament.uk/ResearchBriefing/Summary/CBP-7587

effect positive change are often lost when members are tempted to substitute political theatre for real scrutiny. The oral evidence session environment can be overly confrontational in a way that fosters blame rather than learning.

Select committees should help to drive improvement in government through proactive and persistent scrutiny. When failure does occur in spite of early intervention, this means tracking issues over time to encourage officials and ministers to see improvements through. This could involve committees adopting a 'just culture' approach to scrutiny, in order to foster an environment that is more conducive to open enquiry, reflection and learning.[15]

To enable more proactive scrutiny, committees need to incorporate issues onto their agendas before they escalate. This could be achieved by using the information generated by assessments of the feasibility of major projects, system statements and reports from ombudsman services (as detailed in other recommendations in this report). This information could help to guide committees' scrutiny efforts and shape their agendas.

There have been numerous recent high-profile examples of government failures where a lack of early intervention meant that harm spread to a wider group of individuals:

- The report of the Gosport Independent Panel highlighted how patients' families spent years trying every conceivable channel to call attention to the ongoing, often fatal, mistreatment of patients at Gosport War Memorial Hospital.[16]

- In the case of the Windrush Generation, the "hostile environment" policy was implemented as designed, but resulted in legal residents in the UK being subject to a range of sanctions. As mentioned previously, these issues were evident months before political scrutiny took effect.[17]

Such delays also affect the Government's use of taxpayers' money. The National Programme for IT in the NHS was launched in 2002, and struggled from the start. However, PAC did not scrutinise the programme until 2007; then again in 2009 and 2012, as it became increasingly clear that the project was not viable. Earlier scrutiny may have helped to identify issues sooner and forestall the nearly £11.4 billion (bn) wasted on the project.[18]

Currently, there is no straightforward or routine way to feed information about growing issues with policies and projects into the select committees in a way that shapes their agenda. It should not be the case that issues are examined only once they become a major political crisis. In the cases of Windrush and Gosport, the warning signs were there but went unnoticed. With the National Programme for IT, the Government's determination to push ahead, and the PAC's focus on finding a responsible individual, precluded learning or improvement.

Moreover, select committees need to scrutinise issues persistently. Currently, their ability to do so is limited by lack of institutional capacity and the time that MPs can commit to committee work.[19] Consequently, select committees struggle to track issues over longer periods, and cannot always ensure that the Government follows up on the

recommendations it has promised to implement. This is particularly pertinent in the case of public inquiries, where there has been a repeated pattern of recommendations going unimplemented, leading to repeated failure. For example:

- The inquest following the 7/7 bomb attacks on public transport in London highlighted how some recommendations from the inquiry into the 1987 King's Cross underground fire were never implemented – in particular, improvements to interoperability and co-ordination between the radio systems of Transport for London and the emergency services.[20]

- A similar failure to implement recommendations made by the 2004 Shipman Inquiry meant that the procedures used to certify deaths in the NHS remained inadequate. This led to recurrence of the same issues just a decade later, as noted in the reports of the 2013 Mid Staffordshire Inquiry, and the 2015 Morecambe Bay investigation.[21]

In these cases there was either no scrutiny by parliamentary committees at all, or the scrutiny of the Government's response to the inquiry was done once – usually in the immediate aftermath of publication – and with no subsequent follow-up.

There are already examples of good practice in following up on major issues. In the context of the Mid Staffordshire Inquiry, the Commons Health Select Committee followed up on implementation, supporting the efforts of then-Minister for Health, Jeremy Hunt, over a period of months and years following publication of the inquiry report.[*] The National Audit Office and the Public Accounts Committee have also tracked major projects – such as Universal Credit – over time, and reported on the sustainability of certain public services on a regular basis. These need to be developed further, as we explore in our recommendations below.

Recommendations

Select committees need enough resources to enable proactive and persistent scrutiny. We propose that committees should seek to draw on additional sources of evidence, so that they have the opportunity to intervene earlier and more proactively when things start to go wrong. We also recommend that select committees should track progress in improving accountability in areas of concern identified by public inquiries. To enable this:

- **Committees should bring scrutiny to bear earlier – when things are starting to go wrong – by using additional information to shape their agendas**. For example, committees could use the feasibility assessments discussed above. These assessments provide additional evidence to the evidence base used to assess feasibility and risks, and to make decisions about major projects. These documents could serve as reference points and would help committees to ensure that issues are caught earlier. In addition, committees could use the proposed assessments of

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*   Following the Francis Report, the Commons Health Select Committee held its own inquiry to which Sir Robert Francis QC, the then minister, Jeremy Hunt, and permanent secretary at the Department of Health, Dame Una O'Brien, gave evidence. The Government subsequently accepted the majority of recommendations and laid out its responses online. A year later, a two-volume report of lessons learned was published to outline progress in implementing the recommendations of the Francis Report. It stated that the department will report on progress across the system on a yearly basis. The minister then commissioned a follow-up report from Sir Robert Francis in 2015, which made further recommendations.

accountability arrangements in the wider public sector – described in detail elsewhere in this report – to inform their investigations. Similarly, current ombudsman reports and potential future reports from 'own motion' investigations conducted by ombudsman services should be considered as a means to shape the agendas of relevant select committees.

- **Committees should pursue accountability for issues of major concern raised by public inquiries**. Often, the recommendations made by public inquiries are overlooked or ignored by the Government.[22] These recommendations should be owned by a relevant Commons select committee. This committee would scrutinise government departments to ensure that the recommendations are implemented in a way that is both consistent with the Government's response to the inquiry, and timely. We have argued before that scrutinising the implementation of inquiry findings should be added to the core tasks of select committees.[23] This scrutiny would help to keep government's attention focused on important issues.

- **Parliament needs to have adequate resources for effective scrutiny**. Enhancing Parliament's ability to scrutinise the Government will require additional resources. Currently, the primary limitation on select committees is the amount of time that members can dedicate to them, and there is no easy way to improve this. To make the best use of limited committee time, there needs to be sufficient resources – in particular, committee staff – to undertake the necessary preparatory work. This involves using both the evidence produced by the other organisations supporting committee work – such as the National Audit Office and ombudsman services – but also the information flowing from other recommendations in this report.

These recommendations, along with parliamentary recall of former ministers discussed elsewhere in this report, would help select committees to undertake in-depth scrutiny, and to derive learning to prevent future potential failure.

How would this make a difference?
The sources of information we have proposed elsewhere provide persuasive evidence which could encourage members to shape the committees' agenda, and focus their scrutiny efforts. As mentioned previously, earlier scrutiny limits the scale of harm arising from failure. This in turn makes it easier to apply a 'just culture' approach, shifting the focus away from blame towards learning. There are benefits to persistent scrutiny, which supports learning by encouraging government to revisit the mistakes that it has made in a way that helps it improve how it works.

A Parliament with more resources will help to deliver stronger accountability. It would support more proactive scrutiny by providing staff who can sift and use the information being fed to committees. This analysis can be used to spot upcoming issues sooner, and prioritise scrutiny by the relevant committees. In addition, more resources will help Parliament to be more persistent in its scrutiny efforts. Currently, Parliament has a strong sense of procedural continuity, but a far weaker institutional memory about issues subject to scrutiny, partly due to changing committee membership between parliaments. This means that the lessons learned from scrutiny are not always followed up in the medium to long term, both within Parliament and across the Government that it scrutinises. This is particularly relevant to the

implementation of inquiry recommendations. More resources would allow individual committees to monitor the Government's progress in implementing recommendations over a period of several years. Having more committee staff would provide members with more breadth and depth of knowledge, as well as creating a buffer against the problems associated with staff turnover.

Developing future civil service leaders to embrace accountability

The civil service has a strong culture of accountability when it comes to managing public money. To ensure that this culture is maintained and built on, we need wider changes in how accountability is perceived. The civil service should train its staff to develop a better understanding of its systems of accountability, and how best to engage with them in a positive way.

A culture of accountability is built up over time. The civil service has a strong tradition when it comes to certain aspects of accountability. For example, there is a deep cultural tradition of acting within the law, and of spending money only in ways authorised by Parliament. These traits are so strong that they often go unremarked, but they distinguish the [UK] Government from many around the world.

In part, the UK's strengths in these areas arise from the structures of accountability: the system of judicial review, and scrutiny of expenditure by the National Audit Office and Parliament. But it goes deeper than that: the culture of the civil service emphasises that respecting the rule of law, including the legality of spending, is a basic requirement for doing the job well.

The recommendations in this report would enhance existing structures to make Whitehall more accountable – but if they are to work, they need to become embedded within the culture of the civil service. Assessing the effectiveness of accountability arrangements, or the risks involved in delivering major projects, can be easily fudged unless those conducting this work believe that these are fundamentally part of their job.

To a large extent this is an issue of leadership. An effective system of accountability requires a culture that supports leaders who face difficult issues early. It needs a collective sense that accountability structures are there to head off future problems. More pervasively, if the culture extols or promotes civil servants who prioritise satisfying their minister, as opposed to upholding value for money or the public's wider interests,[24] the credibility of the system can be undermined.

The civil service is now investing in developing its leadership. The new Civil Service Leadership Academy provides a focus for developing a new leadership culture. In the words of the Public Administration and Constitutional Affairs Committee, it must become "a place in which Civil Service leaders can reflect and build upon their experiential learning".[25] This should include reflection on how the current structures of accountability work, and how they could be supported to work better, particularly around the key relationships between ministers and civil servants, and between Whitehall and Parliament.

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Advisory group

We are grateful to our advisory group for their expert comments on our work. Our panel, detailed below, includes members from all interested perspectives.

Sir David Bell

Sir David Bell is the current Vice-Chancellor and Chief Executive of the University of Sunderland, having previously been Vice-Chancellor of the University of Reading between 2012 and 2018. He has spent much of his career working in public service, as Director of Education for Newcastle City Council from 1995 to 2000, then as Chief Executive of Bedfordshire County Council. He was HM Chief Inspector of Schools at Ofsted from 2002 to 2005, and Permanent Secretary at the Department for Education from 2006 to 2012.

The Rt Hon Dominic Grieve QC, MP

The Rt Hon Dominic Grieve QC is a Conservative politician and Member of Parliament for Beaconsfield since 1997. He is the current Chair of the Intelligence and Security Committee of Parliament. He was previously Attorney General for England and Wales and Advocate General for Northern Ireland, Shadow Secretary of State for Justice, Shadow Home Secretary and Shadow Attorney General. Before entering politics, he was a barrister specialising in occupational safety and health law from 1980 to 1997. He was appointed Queen's Counsel in 2008, and Privy Council in 2010.

The Rt Hon Dame Margaret Hodge MP

The Rt Hon Margaret Hodge is a Labour politician and Member of Parliament for Barking since 1994. She is the former Chair of the Commons Public Accounts Committee. She has previously served as Minister of State for Culture and Tourism, Minister of State for Work, Minister of State for Children, Minister for Universities, and Under-Secretary of State for Disabled People. She now chairs the All-Party Parliamentary Group on Responsible Taxation, which aims to help Parliament build and maintain a fair, sustainable and transparent tax system.

Jacqui McKinlay

Jacqui McKinlay is the current Chief Executive of the Centre for Public Scrutiny. The Centre has a long track record of supporting and promoting good governance and scrutiny in local government, as well as other public services and the private sector. Prior to this, she was Director of Strategy and Customer Services at Staffordshire County Council, and has worked in health, sport and the civil service.

Dame Julie Mellor

Dame Julie Mellor is the Chair of the Young Foundation, as well as serving as a trustee for Involve, the participation organisation, and Clore Social Leadership. From 2012 to 2017, she was Chair of the Parliamentary and Health Service Ombudsman, which deals with complaints about public services and supports the Public Administration and Constitutional Affairs Select Committee in holding government to account for good administration. Following a career in business, she became Chair of the Equal Opportunities Commission from 1999 to 2005, then a partner at PwC (formerly PricewaterhouseCoopers). She has served as a non-executive board member at Nesta, the national innovation body, Department for Business, Innovation and Skills, Commission for Racial Equality, National Consumer Council and Employers' Forum on Disability.

Sir Richard Mottram

Sir Richard Mottram is a Visiting Professor at the London School of Economics. Until recently he was the chair of Amey plc. From 1992 to 2007, he held a number of permanent secretary appointments in the civil service: heading the Ministry of Defence, Department of the Environment, Transport and the Regions, and Department for Work and Pensions, as well as serving twice in different roles in the Cabinet Office dealing with, among other things, public service and civil service reform.

Professor Tony Travers

Professor Tony Travers is an academic and journalist who specialises in issues affecting local government. He currently holds a professorship within the Department of Government at the London School of Economics. He served as a member of the Audit Commission from 1992 to 1997, and was a Senior Associate of The King's Fund from 1999 to 2004.

About the authors

Julian McCrae is an Associate and former Deputy Director of the Institute for Government. Julian joined the Institute in July 2009 from the Prime Minister's Strategy Unit, where he was Deputy Director. He started his career at the Institute for Fiscal Studies, where he spent eight years and published work on the UK's personal taxation and welfare system.

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Marcus Shepheard is a Researcher at the Institute for Government. In addition to our work on public inquiries, he has worked on the Institute's Brexit team. Marcus also worked for the Royal Society and the Parliamentary Office of Science and Technology.

Acknowledgements

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