




Changing Whitehall's DNA

Reforming Whitehall to free cities and counties

An NLGN Paper by **Dick Sorabji**



New Local Government Network (NLGN) is an independent think tank that seeks to transform public services, revitalise local political leadership and empower local communities. NLGN is publishing this White Paper as part of its innovative policy projects, which we hope will be of use to policy makers and practitioners. The views expressed are however those of the authors and not necessarily those of NLGN.

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1 *Introduction – Who reforms the reformers?*

For a decade the senior civil service has overseen deep seated reforms in every branch of the public service; other than itself. A new landscape has been created in which the central question for the next phase of public service reform is: “*Who reforms the reformers?*”

Organisations have their own internal dynamics programming them to work in a particular way; even when their leaders do not want them to. This is like a genetic code, or DNA, unique to each organisation. The larger and more complex the organisation, the harder it is for leaders to deliver policies that go against that DNA.

So it is with the civil service programmed to look upwards to individual Ministers and to think in departmental silos. This ‘genetic programming’ is now an obstacle to the aspirations for public service reform that have been at the heart of the Labour’s programme. It conflicts with the demand that services be designed around people and not around departments. The need for delivery to have at least as much status as policy goes against the deepest of assumptions about talent within the civil service. Devolving decision making closer to citizens is a task that the civil service has been best at applying to public services other than itself.

As Prime Minister, Tony Blair referred to the “*scars on my back*” resulting from reform that went against the DNA of the civil service. Blair’s preferred mechanism for overcoming institutional inertia was to create high profile units including amongst others the Social Exclusion Unit, the Performance and Innovation Unit and the Prime Minister’s Forward Strategy Unit. Most successful was the Prime Minister’s Delivery Unit.

In each case a high level team with the status of Prime Ministerial approval was bolted onto the civil service. This changed the pressures acting on the senior civil servants, but did not change the underlying DNA of Whitehall.

As Prime Minister, Blair reinforced the authority of these Units by aligning them with his personal political vision. The civil service is programmed to respond to the person of Prime Minister. That is why occupants of Downing Street have found that clear political vision is a powerful management tool as well as a political skill. The clearer the vision, the more chance it has had of overcoming civil service genetic programming. This partial reform brought with it unwanted side-effects. The need for clarity risked over-simplification, which in turn could produce error.

With a change of Prime Minister even these partial reforms have been weakened. Civil service DNA programmes it to interpret those policies as extensions of the person of a specific Prime Minister. As a result once the Prime Minister is gone the pressure to work differently is also gone.

A new Prime Minister has a choice. Either they must commit themselves to use the reform tools of their predecessor, or they must create new tools. Until one of these options is chosen, the civil service inevitably defaults to its preferred ways of working.

This is why as a new Prime Minister Gordon Brown's vision is not only a factor in political battles at Westminster it is also of central importance to the effective management of government.

In normal circumstances the choice of fundamental reform of Whitehall, changing the DNA, comes at too high a price. Lengthy internal disagreements divert government from the task of delivering its promises, leading eventually to punishment at the ballot box.

Yet as Prime Minister, Gordon Brown inherits a fragment of organisational genetic code developed by his predecessor's Chancellor that can change the internal dynamics of Whitehall so that it works with the grain of the next phase in public service reform.

This report describes that fragment of the Whitehall genome and maps the first steps in nurturing it to become a fully fledged programme for reforming

the heart of government. Success offers the chance of faster improvement across all public services without needing to pay the huge cost of Whitehall reforms that has deterred past Prime Ministers.

2 *The development of PSAs*

As Chancellor, Gordon Brown has been refining the idea of Public Service Agreements (PSAs) since 1997. The incoming Labour government accepted the previous government's spending plans for 1998 and 1999 primarily for political reasons. The goal was to end Labour's reputation for being careless with public finance.

Within the Treasury it was also an opportunity for a fundamental review of spending through the innovation of the Comprehensive Spending Review (CSR). The aspiration for governance went further than changing the goals of public spending. The Chancellor announced that in future *"At every stage, money will be tied to output and performance"* through the mechanism of PSAs.

CSR 1998 created about 600 PSA targets. These defined departmental goals rather than goals for the government as a whole. Later research by the House of Commons Treasury Select Committee suggested that only 11 % of these were 'outcome targets'. The majority reflected processes and outputs, useful for internal management but not directly relevant to the public.

By the time of the Spending Review 2000 (SR 2000), the number of targets had been slashed to 160 and the National Audit Office concluded that 67% were genuine outcome targets. Service Delivery Agreements (SDAs) were created showing how each department intended to meet their goals.

However, as shown by the need for SDAs, the target regime continued to be shaped around existing departmental boundaries. Only 28 targets were shared across departments. These 28 targets focussed on the Sure Start programme, Welfare to work, criminal justice, illegal drugs policy and local government.

SR 2000 also delivered the first linkage between the PSA target regimes for national government as a whole and targets applied to local government. 20

local authorities ran pilot local public service agreements (LPSAs) focusing on around a dozen outcomes. The success of the programme led to its adoption across all 150 upper tier and unitary local authorities in England.

SR 2002 cut the number of targets to 125. The Spending review of 2004 developed the PSA regime still further incorporating the conclusions of the *Devolving Decision Making Review* published by HM Treasury in the same year. The Chancellor argued that "*PSAs are also key to increasing local autonomy*". The number of targets was cut again to 110.

3 *Breathing life into PSAs*

In autumn 2007 the second ever CSR delivered a step change in the quality of the PSA process. The result has been to align managerial delivery to political policy goals, as well as to political accountability systems and to performance accountability in the wider public sector.

The number of targets was cut to just 30. The connection to individual Whitehall silos was finally broken. Instead each PSA is now defined around goals that are meaningful to citizens and politicians, rather than to departments.

Accountability for delivery has been strengthened. The old practise defined PSAs to fit Whitehall departments. Political accountability may have been allocated to the relevant Secretary of State, but it was just one aspect of their accountability for the department as a whole. Accountability merged is accountability lost.

For the minority of cross-departmental PSAs accountability was held jointly by several Ministers. Again merged accountability allowed each Minister freedom to claim that any failures were not their personal responsibility.

Under the new regime a single Secretary of State is responsible for delivering each of the 30 PSAs even though every PSA depends on the work of more than one Whitehall department. In effect it is a second and separate job to the job of running their department.

The PSAs and the Secretaries of State responsible for delivering them are listed in Figure 1.

Figure 1 The PSAs and Secretaries of state responsible for delivering them.

PSA 1: Raise the productivity of the UK economy (BERR)

PSA 2: Improve the skills of the population, on the way to ensuring a world-class skills base by 2020 (DIUS)

PSA 3: Ensure controlled, fair migration that protects the public and contributes to economic growth (HO)

PSA 4: Promote world-class science and innovation in the UK (DIUS)

PSA 5: Deliver reliable and efficient transport networks that support economic growth (DfT)

PSA 6: Deliver the conditions for business success in the UK (BERR)

PSA 7: Improve the economic performance of all English regions and reduce the gap in economic growth rates between regions (BERR)

PSA 8: Maximise employment opportunity for all (DWP)

PSA 9: Halve the number of children in poverty by 2010-11, on the way to eradicating child poverty by 2020 (HMT)

PSA 10: Raise the educational achievement of all children and young people (DCFS)

PSA 11: Narrow the gap in educational achievement between children from low income and disadvantaged backgrounds and their peers (DCFS)

PSA 12: Improve the health and well-being of children and young people (DCFS)

PSA 13: Improve children and young people's safety (DCFS)

PSA 14: Increase the number of children and young people on the path to success (DCFS)

PSA 15: Address the disadvantage that individuals experience because of their gender, race, disability, age, sexual orientation, religion or belief (Gov Equalities Office in DWP)

PSA 16: Increase the proportion of socially excluded adults in settled accommodation and employment, education or training (Cabinet Office)

PSA 17: Tackle poverty and promote greater independence and well-being in later life (DWP)

PSA 18: Promote better health and well-being for all (DH)

PSA 19: Ensure better care for all (DH)

PSA 20: Increase long-term housing supply and affordability (DCLG)

- PSA 21:** Build more cohesive, empowered and active communities (DCLG)
- PSA 22:** Deliver a successful Olympic games and Paralympic Games with a sustainable legacy and get more children and young people taking part in high quality PE and sport (DCMS)
- PSA 23:** Make communities safer (HO)
- PSA 24:** Deliver a more effective transparent and responsive Criminal Justice System for victims and the public (MoJ)
- PSA 25:** Reduce the harm caused by alcohol and drugs (HO)
- PSA 26:** Reduce the risk to the UK and its interests overseas from international terrorism (HO)
- PSA 27:** lead the global effort to avoid dangerous climate change (DEFRA)
- PSA 28:** Secure a healthy natural environment for today and the future (DEFRA)
- PSA 29:** Reduce poverty in poorer countries through quicker progress towards the Millennium Development Goals (DFID)
- PSA 30:** Reduce the impact of conflict through enhanced UK and international efforts (FCO)

However, Whitehall departments have not been abolished and Cabinet Ministers are still responsible for the work of their fiefdoms. Tensions between the cross-cutting goals of the PSA regime and interests of departments will arise. In July the new Prime Minister re-organised the system of Cabinet Committees and Sub-Committees so that they would dovetail with the forthcoming PSA regime.

For each PSA, responsibility for monitoring progress and removing departmental delays has been allocated to a single committee. The government have not published which PSAs have been allocated to which Cabinet Committees and Sub-Committees. However, it is possible to infer the answer in most cases and this is reported below.

The result of this reform is to hardwire the PSA regime into the political management processes of the government. Individual Cabinet Ministers have responsibility for dispute resolution in PSA delivery.

The PSA system has also been welded to the career paths of the senior civil service by allocating accountability for delivery to individual senior civil servants. CSR 2007 announced the creation of a new role in the senior civil service. A Senior Responsible Officer (SRO) is responsible for delivery of each PSA. This role has similarities to the long standing role of Principal Accounting Officer (PAO).

Unlike all other civil servants, the PAO has a duty to report directly to the National Audit Office irrespective of Ministerial wishes. Today the SRO has no such formal duty, but reform has ensured that their effectiveness as a civil servant can now be measured against the PSA for which they are responsible.

CSR 2007 reported how the PSA regime connects the senior civil service to the rest of the Britain's 500,000 civil servants through a series of performance frameworks. The delivery of components of individual PSAs within Whitehall departments is to be measured against progress against 153 performance indicators. Amongst these indicators 43 have minimum standards attached.

Successful PSA delivery depends on actions taken by organisations across the UK and in PSAs 26-30 across the world. Over the last decade top down performance regimes have been applied across all public services. The content of these target regimes has been criticised for being internally inconsistent, reducing the scope for joined up government and too burdensome. Central government has accepted this critique in principle.

For the first time CSR 2007 provides an over-arching logic for the design of performance frameworks used to manage national public services. They are meant to support delivery of the 30 PSAs at the heart of CSR 2007. It would be logical to assume that anything in these performance frameworks that distracts from PSA delivery should be removed. Ministers have not yet offered this commitment.

National target regimes for locally delivered public services have proliferated during the last decade. The CSR directly mentions some of these performance management systems in relation to delivering PSAs:

Figure 2 Performance frameworks mentioned in CSR report on Public Service Agreements.

1. Ofsted Common Inspection Framework
2. YOT Performance Framework
3. Job Centre Plus Performance Framework
4. Pension Service objectives
5. NHS accountability and outcomes framework
6. Common Assessment Framework (for NHS and social services)
7. PCT Report Card (in planning)
8. NHS Operating Framework (for SHA & PCTs)
9. Community Sustainability London (assurance framework to be designed for Olympics)
10. Assessments of Policing and Community safety (APACS)
11. NOMS Performance Framework
12. Youth Justice Board Performance Framework
13. Office of Criminal Justice Reform Framework
14. Local Criminal Justice Board Framework
15. Police Quality of Service Commitment

A slimmed down set of top-down targets designed to fit a single over-arching strategy is an improvement on past practise. However, it builds back into public services the silo focus that PSAs were intended to overcome. This is why the role of local government is critical.

It is at local government level that the cross cutting aspirations of the PSA regime are to be re-integrated and tailored to local circumstances. Joined up government is to be delivered through expanded Local Area Agreements (LAAs). Sir Simon Milton Leader of Westminster Council and the LGA describes the new LAAs as: *“contracts between central government and local authorities and their partners to improve the quality of services and life in a place”*.

Following on the Lyons report local government is promised more scope to co-ordinate all the resources of the state at local level, targeting issues rather than delivering specific services. National government's promise of greater local choice is made more credible by plans to replace today's service based assessment regime with a new system – the Comprehensive Area Assessment (CAA) - that measures quality of life in an area irrespective of which organisation delivers improvement.

Both innovations should accelerate public service improvement focusing on people not departments and on effective solutions, not paper policies. Yet if the DNA of Whitehall is not changed to support the new regime it is likely that both LAAs and CAA will soon be undermined by a hailstorm of special exceptions designed to protect departmental fiefdoms.

4 *The potential of PSAs*

Clearly the new PSA regime is a major government project requiring significant volumes of work across all Whitehall departments. Anecdotal evidence suggests that the tactics of many Whitehall turf wars have been changed by the coming of the PSA regime. Where once fiefdoms were protected by getting the right Ministers 'on side', some senior Mandarins have started trying to ensure that the PSA targets support their departments.

That is progress but it is not a change in the organisational DNA. The goal is still the maintenance of departmental power. Two questions must be answered before the case can be made that PSAs could be used to change the internal programming of the senior civil service and so smooth the path to faster public service reform.

Whitehall's DNA programmes it to respond to the Prime Minister's personal choice of how to operate the machinery of government. So the first question is how central is the PSA regime to the Prime Minister's way of governing? Secondly, how much more must be added to the current regime so that it can trigger lasting change in the organisational dynamics of Whitehall?

We know that Gordon Brown has been on a long intellectual search for a new model of public service management. The most detailed statement of his views was made in a speech to the Social Market Foundation on 3rd February 2003 when he argued that *"we must face up to the fundamental questions that cannot be sidestepped about the role and limits of government and markets"*. His central concern was that *"we must not replace market failure with state failure"*.

After making the case that there are limits to the use of markets for public service delivery he rejects traditional models of public service arguing: *"it is in the public interest to have devolution from the centre and to champion decentralised means of delivery. This includes contestability between*

providers on the basis of cost and efficiency.”

Brown concluded that *“command and control systems of management are not the way forward”*. Instead it is essential to develop *“decentralised non market models for public provision that respond to people’s needs, extend choice and are equitable and efficient”*. Failure to develop these models will ensure that victory for those who argue that *“whatever the market failure the state failure will always be greater”*.

In 2003 this led Brown to propose:

- civil service reforms that *“encourage professionals who welcome accountability”*
- national targets in *“a framework of devolution, accountability and participation – empowering public servants with the freedom and flexibility to make a difference”*
- *“local communities should have the freedom to agree for each service their own local performance standards”*
- Reform of regulation to *“recognise the benefits of local discretion”*
- *“devolving further and faster to local government”*

The new PSA regime matches these goals precisely. The PSAs themselves reflect Gordon Brown’s political priorities and vision. It is an approach to running Whitehall that could replace Prime Minister Blair’s use of high profile central ‘Units’. It should therefore be central to his intended way of governing. Indeed it is a mechanism that could deliver public service devolution and contest for any Prime Minister.

Yet Downing Street has not given the PSA regime the public priority that would be expected for so central a tool in the management of government. Part of the explanation is that PSAs have not been fully integrated into the DNA of Whitehall. What is missing is the ‘hardwiring’ between the management of politics and the management of delivery.

5 *Political accountability for PSAs*

Yet away from the media spotlight the Prime Minister has connected the PSA delivery process to his arrangements for political management. The more that the PSA regime is central to Brown's method of governing, the more that we would expect to see his most trusted Ministers holding the levers of political power over the delivery of PSAs.

Traditionally Britain's great offices of state are those of Chancellor, Home Secretary, Foreign Secretary and in recent decades the Deputy Prime Minister. The PSA regime reveals a different ranking; one that is far more closely aligned with the reported alliances within the Labour government.

Delivery of five targets, or one sixth, of the Prime Minister's vision is the personal responsibility of the Secretary of State for Children Families & Schools: Ed Balls. Home Secretary Jacqui Smith appears second with four PSAs. John Hutton at Business Enterprise & Regulatory Reform is the third major office holder with three PSAs. Using this perspective on the Cabinet the ranking of Cabinet Ministers is in Figure 3.

The list shows how the Prime Minister has allocated operational responsibility for delivering his programme of government. However, the PSAs describe a vision that cuts across Whitehall fiefdoms. A central challenge for Gordon Brown will be developing tools that can overcome departmental obstacles.

On taking office Cabinet Committees were re-designed to support his citizen centred agenda through PSA delivery. The new Committees and Sub-Committees address two tasks. Some are designed to drive the PSA programme. Their role in delivering PSAs is described as: *"drive performance by regularly monitoring progress, holding departments and programmes to account and resolving inter-departmental issues"* The remaining Cabinet Committees and Sub-Committees are intended to resolve issues that result

Figure 3 Number of PSAs for which each Cabinet Minister is operationally responsible.

| Minister | Department | Number of PSAs |
|-------------------|------------------------------|-----------------------|
| Ed Balls | DCFS | 5 |
| Jacqui Smith | Home Office | 4 |
| John Hutton | DBERR | 3 |
| Hazel Blears | DCLG | 2 |
| Peter Hain | DWP | 2 |
| Alan Johnson | DH | 2 |
| John Denham | DIUS | 2 |
| Hilary Benn | DEFRA | 2 |
| Alistair Darling | HMT | 1 |
| Jack Straw | MoJ | 1 |
| Ruth Kelly | DFT | 1 |
| James Purnell | DCMS | 1 |
| Ed Miliband | Minister Cabinet Office | 1 |
| Douglas Alexander | DFID | 1 |
| David Miliband | FCO | 1 |
| Harriet Harman | Government Equalities Office | 1 |
| Andy Burnham | Chief Secretary | 0 |
| Shaun Woodward | Northern Ireland | 0 |
| Des Browne | MoD | 0 |
| Baroness Scotland | Attorney General | 0 |
| Geoff Hoon | Chief Whip | 0 |
| Baroness Ashton | Leader in Lords | 0 |

from the regular cycle of government business, such as legislation, or the predictable uncertainties of crisis, such as civil contingencies.

By matching PSAs to these Cabinet Committees and Sub-Committees we can see who it is that the Prime Minister most trusts to overcome Whitehall turf wars and so deliver his vision for Britain.

The government announced these accountability arrangements in the CSR, but it did not publish a definitive list of which Sub-Committee was responsible for each PSA. The table below in Figure 4 has been derived from a comparison between the terms of reference of Sub-Committees and the PSA definitions.

NLGN recommend that:

- **The Prime Minister should publish a table confirming which PSAs report to which Cabinet Committees and Sub-Committees.**

Figure 4 Cabinet Sub-Committees and Full committees and the PSAs for which they have progress monitoring and dispute resolution responsibility.

| Cabinet Committee | Cabinet Sub-Committee & Chair | PSA |
|--|--|----------------------|
| Domestic Affairs SoS Justice & Lord Chancellor: Jack Straw | Communities & Equalities Minister for Cabinet Office & Chancellor of Duchy of Lancaster: Ed Miliband | 15 21 |
| | Families Children & Young People SoS DCFS: Ed Balls | 9,10,11,12,13,14 |
| | Justice & Crime SoS Justice & Lord Chancellor: Jack Straw | 23 24 |
| | Local Government & the Regions Leader of the House, Lord Privy Seal & Minister for Women: Harriet Harman | 7 |
| | Migration Home Secretary: Jacqui Smith | 3 |
| | Public Engagement & Delivery of Services Minister for Cabinet Office & Chancellor of Duchy of Lancaster: Ed Miliband | 17 18 19 25 |

Life Chances

Prime Minister:
Gordon Brown

Social Exclusion

Minister for Cabinet Office &
Chancellor of Duchy of Lancaster:
Ed Miliband

8

18

Talent & Enterprise

Prime Minister:
Gordon Brown

4

**Economic
Development**

Chancellor:
Alistair Darling

Environment & Energy

Chancellor:
Alistair Darling

5

27

28

**Housing, Planning &
Regeneration**

Chancellor:
Alistair Darling

20

Olympic & Paralympic Games

Chancellor:
Alistair Darling

22

**Panel for Regulatory
Accountability**

Chief Secretary to Treasury:
Andy Burnham

8

**Productivity Skills &
Employment**

Chancellor:
Alistair Darling

1

2

**National Security,
International
Relations &
Development**

Prime Minister:
Gordon Brown

Europe

Foreign Secretary:
David Miliband

Overseas & Defence

Prime Minister: Gordon Brown

29

30

Trade

SoS International Development:
Douglas Alexander

Protective Security & Resilience

Home Secretary:
Jacqui Smith

26

Tackling Extremism

Prime Minister: Gordon Brown

| | | |
|--|--|--|
| <p>Civil Contingencies Home Secretary: Jacqui Smith</p> <p>Security & Intelligence Services Prime Minister: Gordon Brown</p> <p>Legislation Leader of the House, Lord Privy Seal & Minister for Women: Harriet Harman</p> <p>Public Services & Public Expenditure Chancellor: Alistair Darling</p> <p>Influenza Pandemic Planning SoS Health: Alan Johnson</p> <p>Post Office Network SoS Business Enterprise & Regulatory Reform: John Hutton</p> | <p>Public Sector Pay Chancellor: Alistair Darling</p> | |
|--|--|--|

The Cabinet Committee system provides a further layer of detail on the political structure of Gordon Brown's government. When Whitehall cannot meet the Prime Minister's demands for joined up government it is the Chairs of Cabinet Sub-Committees who are in the front line tasked with responsibility for keeping the programme on target. The table in figure 5 on the following page lists those Cabinet Ministers to whom the Prime Minister has given most responsibility:

Figure 5 Ranking of Cabinet Ministerial responsibility for dispute resolution at Sub-committee level (based on figure 4).

| Minister | No. of Sub-Committees Chaired | No. of PSAs for which Minister is responsible |
|------------------|-------------------------------|---|
| Ed Miliband | 3 | 8 |
| Alistair Darling | 4 | 7 |
| Ed Balls | 1 | 6 |
| Gordon Brown | 2 | 3 |
| Jacqui Smith | 2 | 2 |
| Jack Straw | 1 | 2 |
| Harriet Harman | 1 | 1 |
| Andy Burnham | 1 | 1 |

When conflicts are deep seated, arguments are pushed upwards from Sub-Committees to the full Cabinet Committee, where the Chair has the authority to 'sum up' debate. Who has the Prime Minister trusted to act on his behalf when internal Whitehall disagreements are most intense? The answer can be derived by following the line of accountability for the 30 PSAs in figure 6:

Figure 6 Ranking of Cabinet Ministerial responsibility for dispute resolution at Full Committee level (based on figure 4).

| Minister | Full cabinet Committees Chaired | No. of PSAs for which Minister is responsible |
|------------------|---------------------------------|---|
| Jack Straw | 1 | 16 |
| Alistair Darling | 1 | 8 |
| Gordon Brown | 2 | 6 |

These three levels of accountability for PSA delivery describe a very different balance of power to that normally associated with the great offices of state. The conclusions of this analysis match the judgements of political commentators far more accurately than the traditional rankings of Ministerial office.

It seems that the Prime Minister's reform of the Cabinet Committee system has connected political and managerial delivery at the heart of Whitehall. However, the system needs a shock to bring it to life. What is missing is the priority that comes from public accountability and scrutiny.

6 *Implications for constitutional reform*

Unannounced the PSA regime has become the mechanism through which the Prime Minister will attempt to deliver his vision for Britain. The 30 goals match the Prime Minister's political vision. As Chancellor he spent a decade refining this management delivery system. As Prime Minister he has changed the politics of Cabinet to fit the PSA regime. Lastly, the sheer scale of the work involved in running the PSA regime will crowd out any policy initiatives that are not part of the system.

Because Whitehall is programmed to respond most to the personal demands of the Prime Minister more will be achieved when the implicit truth that PSAs describe Gordon Brown's vision for Britain is made explicit. For that reason **NLGN recommend** that:

- **The Prime Minister should make a public statement explaining why and how the 30 PSAs represent his vision for Britain.**

Linking political vision to government organisation through PSAs helps drive delivery, greater accountability will do more.

Yet the political accountability for this new regime is barely visible. In *Governance of Britain* the Prime Minister promised greater power for Parliament to scrutinise the executive. To be meaningful that scrutiny must cover the Ministers and levers through which the Prime Minister intends to deliver his vision.

Constitutional reform alone is a reason to increase accountability for PSAs. NLGN make recommendations below on how to achieve this. However, constitutional reform can do more than improve democracy. It creates the basis for improving the management of public service delivery. That challenge is returned to once the need for greater political accountability has been addressed.

The PSA regime has hugely improved political accountability by tying individual Ministers to a small number of individual cross departmental goals. The problem now is to make that accountability visible both to Parliament and to the British public.

NLGN recommend:

- **Question time in Parliament should include questions on individual PSAs. This could be achieved in one of two ways:**
 - **The PSAs associated with a specific Secretary of State should become a formal and separate part of question time for that Minister. For example the remit for question time for the Dept. of Children Families & Schools would be extended beyond the work of the department to include anything relevant to PSAs 10,11,12,13 and 14**
 - **A specific PSA question time should be included in the weekly business of Parliament. Each week a different PSA – or PSAs – would be open for question on a rolling basis so that all PSAs would be continually scrutinised during the course of any session of Parliament.**
- **Each named Secretary of State should be required to make a separate annual report to Parliament describing progress on each PSA for which they are responsible.**
- **The Prime Minister should publish a table confirming which PSAs report to which Cabinet Committees and Sub-Committees.**
- **Without breaching the confidentiality of collective Cabinet responsibility, the Chairs of the main Cabinet Committees and**

Sub-Committees responsible for PSAs should publish an annual report describing the lessons their committee has learned about cross departmental delivery during the year.

- **The Liaison Committee of the House of Commons, which brings together the Chairs of all Select Committees should take evidence and produce an annual assessment of progress on PSA delivery.**
- **Senior Responsible Officers (SROs) should be given a formal duty to report To Parliament with their judgement as to the effectiveness of progress towards delivery of the PSA for which they are responsible. This duty could be incorporated in any forthcoming legislation on the Civil Service.**
- **The Public Accounts Committee of the House of Commons should take evidence from the SROs on PSA delivery and report annually on the effectiveness of Whitehall delivery.**
- **The Procedures Committee of the House of Commons should consider how to make space in the Parliamentary calendar for an annual debate led by the Prime Minister and held in government time on progress towards achievement of all PSAs.**

Enhancing scrutiny in these ways will raise the political profile of the PSA regime so changing the dynamics of political self-interest. When senior Ministers are visibly accountable for policy delivery beyond their own departments they will need to change their approach to the politics of delivery. Self interest will require them to give cross government policies equal priority with department interests. For many Ministers this will not be a threat, but the removal of a frustration that they have long felt.

7 *From political accountability to managerial delivery*

Stronger Parliamentary scrutiny is a benefit in itself. However, the purpose of this report is to show how enhancements to the PSA regime can change the organisational DNA of the senior civil service. Changing Whitehall's instinctive ways of working is the key to accelerating improvements in public services and so matching public expectations. Civil service culture needs to move from looking upwards to looking outwards; from disinterested advice to accountability for achievement; from a focus on departmental silos towards a focus on people and communities.

Giving SROs responsibility for PSA delivery that exists independently from their duty to Ministers, as proposed above, cuts through the concept expressed most notoriously during the Westland crisis on 1986 that civil servants are merely the mouthpiece of their Ministers. Swift to implement, this reform demonstrates the way in which constitutional and managerial reform is inter-twined to the benefit of both.

Giving senior civil servants a duty to deliver irrespective of Ministerial instructions, changes the balance of importance between the role of policy adviser and that of delivery agent. Once the PSA has been set so the duty to deliver is set. This would meet the Prime Minister's 2003 call for reform that encourages "*professionals who welcome accountability*".

The traditional idea that advisers work best when anonymous conflicts with the reality that accountability for delivery requires visibility. Therefore this reform should be taken further. **NLGN recommend** that the Cabinet Office:

- **Routinely publish the names of those senior civil servants who are responsible for delivery of the government's PSA programme.**

To support that accountability the names of those civil servants personally responsible for the delivery of the Prime Minister's PSA programme are listed in figure 7:

Figure 7 "Senior Responsible Officers" personally responsible for the delivery of the Prime Ministers programme

| PSA | Office | Office Holder | Special Factors |
|------------|--|----------------------|--|
| 1 | DG Economics BERR | Vicky Pryce | |
| 2 | DG Further Education & Skills DIUS | Stephen Marston | Joint Delivery Board Chair DG Higher Education Ruth Thompson |
| 3 | CE Border & Immigration Agency | Lin Homer | Reviewed by Chief Inspector BIA and Permanent Secretary Home Office |
| 4 | DG Science & Innovation DIUS | Prof. Keith O'Nions | PSA Delivery Board Chair Chief Scientific Officer |
| 5 | Permanent Secretary DfT | Robert Devereaux | |
| 6 | DG Fair Markets Group BERR | John Alty | |
| 7 | DG Enterprise & Business group BERR | Mark Gibson | |
| 8 | DG Work Welfare & Equalities Group DWP | Adam Sharples | |
| 9 | Director Personal tax & Welfare Reform HMT | Tony Orhnia | |
| 10 | DG Schools DCFS | Ralph Tabberer | But reports to Permanent Secretaries group Chaired by DCFS Permanent Secretary |
| 11 | DG Schools DCFS | Ralph Tabberer | But reports to Permanent Secretaries group Chaired by DCFS Permanent Secretary |

| | | | |
|----|---|---------------------|--|
| 12 | DG Children & Families DCFS | Tom Jeffrey | Chief Nursing Officer is Joint Chair PSA Delivery Board. PSA to be amended when new Childrens' Plan is published |
| 13 | DG Children & Families DCFS | Tom Jeffrey | DG Young People will chair the PSA Delivery Board. PSA to be amended when new Childrens' Plan is published |
| 14 | DG Young People | Lesley Longstone | Inferred from documents not reported in CSR 2007 |
| 15 | DG Government Equalities Office (Unit within DWP) | [Not in Place] | |
| 16 | DG Domestic Policy Cabinet Office | Paul Britton | |
| 17 | DG Pension Reform DWP | Philip Wynn Owen | |
| 18 | <i>To be agreed</i> | <i>To be agreed</i> | |
| 19 | <i>To be agreed</i> | <i>To be agreed</i> | |
| 20 | DG Housing & Planning DCLG | Richard McCarthy | |
| 21 | DG Cohesion DCLG | Susan Scholefield | |
| 22 | DG Government Olympic Executive DCMS | Jeremy Beeton | PE & Sport strand to report to Health & Well-being PSA (12) Delivery Board in DCFS |
| 23 | Director Police & Crime Standards Directorate HO | Paul Evans | |
| 24 | CE Office of Criminal Justice Reform MoJ | Ursula Brennan | |
| 25 | Director Crime & Drugs Strategy Directorate HO | Vanessa Nicholls | Links to Ministerial Alcohol group |

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|----|--|------------------|---------------|
| 26 | Secret | Secret | Secret |
| 27 | DG Climate Change Group DEFRA | Mike Anderson | |
| 28 | DG Natural Environment Group DEFRA | Martin Hurst | |
| 29 | Permanent Secretary DFID | Suma Chakrabarti | |
| 30 | Permanent Under- Secretary of State FCO | Peter Ricketts | |

This simple change, easily implemented, operates on the organisation of the senior civil service like a fragment of genetic code implanted into the DNA of the organism. The evidence from the operation of the Principal Accounting Officer (PAO) suggests that duties independent of Ministers lead senior civil servants to focus more clearly on effective delivery. Greater delivery accountability for SROs will ensure that they must worry about how Whitehall instructions affect the quality of joined up delivery at a local level.

It is at local level that the real benefits of changing Whitehall's DNA will be felt. Reform is needed not only to create a more outward focus in Whitehall, but also to empower greater innovation in localities. The PSA regime offers the opportunity to give more power and discretion to local public service leaders in a way that actually strengthens the delivery of national promises contained in the PSAs.

The national performance frameworks listed above are only a means to an end. In theory PSAs are the end at which they are aimed. This theory can be given practical force. **NLGN recommend:**

- **SROs should be required to lodge a letter with the National Audit Office each year stating that the national performance regimes affecting the PSA for which they are responsible represent the best framework for achieving that PSA which, at the time of writing, can reasonably be delivered.**

The most complex problems with delivery emerge at the local level where the different local arms of national public services need to work together to deliver joined up improvements. Local government has rightly been given the task of co-ordinating the drive to join up services and focus on outcomes rather than professional silos.

Local Area Agreements and soon the Multi Area Agreements for economic development are the mechanism for making sense of national PSA goals in differing local circumstances. They are also the means through which the state at local level can engage directly with citizens to agree differing choices between priorities that match the wishes of different communities.

The PSA regime provides the mechanism through which it is possible to distinguish between issues where the public expect all British citizens to enjoy common standards, wherever they live and those where people expect policy to reflect the uniqueness of their community. Yet the centralising tendencies of national government still push against reform.

Practical force should be given to the idea that the only constraint on local choice should be where it conflicts with the PSAs that are the management expression of national government's political vision. Therefore **NLGN recommend:**

- **Where a local authority proposes changing a national performance target applied to itself, or one of its public sector partners, national government should agree an exemption through the LAA process so long as:**
 - **The council can demonstrate the support of local people for the differing priority**
 - **The council can demonstrate support from the heads of the relevant local arms of national public services**
 - **The change is consistent with delivering the relevant PSA**

Of course there will be circumstances where skilled professionals in central and local government genuinely reach different conclusions. In these circumstances a neutral third party should be empowered to adjudicate.

NLGN recommend:

- **Where a dispute between central and local government cannot be resolved through discussion, both sides should have the right to appeal to the most appropriate Select Committee of the House of Commons who will make the final arbitration.**
 - **The Select Committee should be advised by the National Audit Office and the Audit Commission**

Over time experience from these negotiations will increase public service performance at both local and national levels. This learning should be captured and disseminated. **NLGN recommend:**

- **In the short term the National Audit Office and the Audit Commission working in partnership should make an annual report on lessons learnt in applying national PSA goals at local level.**

In the long term NLGN have argued elsewhere that now is the time to merge the NAO and Audit Commission into a single audit body.

8 *Changing Whitehall's DNA*

A decade of progress on public service reform has helped to raise public expectations and to increase the capability of public services. The result is that the challenges faced by public service today are more complex and more varied than in 1997. They can no longer be resolved through top down centralised control. They depend on building solutions around people instead of around professional departments.

Yet these needs go against the internal programming of the central civil service; it's organisational DNA. That is why reform of the heart of government is vital to progress in public service reform. Normally the price of reforming the centre would outweigh the benefits that can be gained. However, a coincidence of events offer Prime Minister Gordon Brown a golden opportunity for reform both at the heart of government and in delivering more joined up services at the front line.

Because the civil service is programmed to look upwards to the Prime Minister, it is still waiting to understand how he will manage the machinery of government. The system of central 'Units' used by Prime Minister Blair are no longer appropriate for the environment created during his Premiership. A new approach is required.

It turns out that a managerial system developed by Gordon Brown as Chancellor, the Public Service Agreement, has reached maturity just as he reaches 10 Downing Street. Because PSAs and their infrastructure are already in place, quite small and swiftly implemented reforms at the heart of government can have a dramatic impact on the internal programming of the senior civil service. Like a fragment of genetic code inserted into the DNA of an organism, it is possible to change the organisational DNA of Whitehall so that it begins to work with the grain of public service reform; instead of against it.

These reforms can change the nature of Whitehall so that its own well-being depends on building solutions around people and places rather than

defending departmental fiefdoms. It can give delivery the same status as advice. It can convert an upward focus on Ministers into an outward focus on people.

At the heart of these reforms are:

- **Political accountability based on projects rather than departments**
- **Civil service accountabilities based on delivery**
- **Empowerment of local institutions within a framework of national political goals**

The reforms proposed in this report are modest. They will not transform public service at a stroke. Instead they will deliver something more lasting. They can change the genetic coding of senior civil service making it possible for the talented people that work within it to work with the grain of public service reform rather than against it.

In driving public service reform Prime Minister Blair said he had scars on his back. It is as if he was cursed like king Sisyphus. Chained to a huge boulder which he must push endlessly uphill, only to see it roll back whenever he paused for breath. Prime Minister Brown is now chained to that boulder.

By extending the PSA framework that he developed as Chancellor, the Prime Minister has the opportunity to achieve his political vision more easily than his predecessor; by pushing the boulder down hill. The Prime Minister is fortunate that the easy solution to faster public service reform is also the better solution. He should seize that opportunity now.

