Reshaping government

Strengthening Whitehall's top-level structures and processes

Tom Gash

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Acknowledgements

Executive summary

New and returning prime ministers often hope that reforming Whitehall's structures will help to signal their priorities to the electorate, shore up their colleagues' political support, and ensure they deliver on their manifesto promises. Elections are therefore frequently followed by the creation of new departments, the passing of policy responsibilities from one department to another, and changes to the central machinery around the prime minister.

There are few reasons to think the aftermath of the 2015 election will be any different. Those close to the main parties have already floated dozens of ideas, including the abolition of the smaller departments such as the Department for Culture, Media and Sport; the creation of new infrastructure and housing departments; and the reallocation of responsibilities between the Treasury and the Department for Business, Innovation and Skills (BIS).

This paper examines the impact of structural reforms on government effectiveness. We identify some past reforms that have endured and are generally viewed positively, such as the creation of the Department of Work and Pensions in 2001.[1] These examples suggest restructuring can be helpful, provided it has a clear operational purpose and time is taken to assess costs, benefits and risks.

Overall, however, we find that successful departmental restructuring is rare. Changes are too often conceived and implemented in alarming haste, leading those involved to underestimate the cost of change. We found that four recent restructurings had direct costs ranging from £14m to over £150m, and these were far higher than initially anticipated.[2] Reformers also regularly forget that departmental restructuring requires trade-offs. Areas such as skills policy have been passed between departments repeatedly – but the effect has largely been to replace problems in one area (for example, weak co-ordination with employment services) with problems in another (for example, lack of join-up with education policy). Changes conceived largely as political signals or for party management purposes, meanwhile, quickly become redundant as priorities and personalities change. The creation of Department for Innovation, Universities and Skills in 2007 may have allowed John Denham to join cabinet but it was merged into another department (the Department of Business, Innovation and Skills) just two years later, leaving little legacy except a multi-million pound bill for the taxpayer.

Structural reforms often aim to compensate for two of Whitehall's enduring weaknesses: its well-documented struggles to maintain focus on long-term priorities in the face of daily events; and its weakness in co-ordinating policy and implementation effectively across departments.

Repeated restructurings have not addressed these fundamental problems. We argue that an incoming government should tackle them head-on, and minimise disruptive restructurings unless there is a very strong case for change.

Political and civil service leaders play a critical role in encouraging collaboration and long-termism. How they behave and which colleagues they reward matters. However, this paper provides evidence that strategic focus and collaboration can also be improved by: reforming the core processes of government, such as the spending review; strengthening the support provided to the prime minister; managing specialist skills and capabilities on a cross-government basis; and smarter use of mechanisms such as cross-departmental ministers, shared objectives, joint budgets and mixed teams.

We make four main recommendations, which are set out in greater detail in the main body of this report:

1. **The prime minister should only pursue restructuring after extensive discussions and following production of a business case assessing:**
   a. **the operational rationale for change.** Changes are rarely a success when undertaken primarily for political signalling or party management purposes.

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[1] White, A., and Dunleavy, P., *Making and Breaking Whitehall Departments,* Institute for Government, 2010, retrieved 05 January 2015 from http://www.instituteforgovernment.org.uk/sites/default/files/publications/making_and_breaking_whitehall_departments.pdf

[2] *Ibid.*, p44. Costs are discussed in more detail later in this report.

    b. **costs and benefits.** Even if decisions are made quickly, it is possible to assess major costs such as possible salary equalisation and IT costs.

    c. **alternatives to structural change.** There are non-structural remedies to many problems.

    d. **implementation issues.** It is necessary to consult with those who have led changes previously – and then employ these individuals to lead implementation, wherever possible.

In practice, it will take at least four weeks to assess and prepare for any significant machinery of government changes. Parties should therefore not implement any changes in May 2015 that they have not announced by early April.

2. **Both government and opposition parties should promote more considered decision-making in future restructuring:**

    a. **government should publish and lay before Parliament the full business case** (above), ideally before or when Transfer of Functions Orders are laid.

    b. **government should allow time for relevant select committees – and/or the Public Administration Select Committee – to scrutinise changes** (in joint hearings where multiple departments are affected), before changes take affect.

    c. **government should allow a parliamentary debate and vote on any substantial change** (as votes currently occur only in exceptional circumstances)

3. **The cabinet secretary should develop specific capabilities at the centre to advise on structural change and governance:** There is an urgent need for capacity that can advise the prime minister and secretaries of state on the costs and benefits of structural reforms; support the development of detailed business cases; and capture the lessons from recent and future changes.

4. **The next government should strengthen Whitehall's capacity to collaborate and maintain focus on long-term priorities by:**

    a. **reforming spending review processes.** The 2015 spending review must incentivise collaboration and allow cross-departmental teams time to develop service transformation plans.[3]

    b. **reinvigorating cross-Whitehall performance management.** An incoming government must be clear on the outcomes it wants to improve most and the cabinet secretary (supported by the finance profession) must develop a performance management regime that is taken seriously across Whitehall and drives strategic collaboration, not departmentalism.

    c. **using cross-departmental goals, budgets and teams.** The prime minister should deploy joint ministers where cross-departmental collaboration is particularly important, and use a combination of shared goals, pooled budgets and joint teams to design and implement new, more integrated service models.

    d. **developing and deploying specialist skills and capabilities on a more cross-departmental basis**. We set out ways of developing finance, digital and other capabilities in our forthcoming report on the responsibilities of the central civil service leadership.[4]

    e. **building capacity around the prime minister.** We set out how in our recent report *Centre Forward.*[5] Whoever is elected in 2015 should retain and build on existing capacity, rather than starting from scratch and relearning painful lessons about what works and what doesn't.

It is tempting to say that it is unrealistic to demand this more considered approach to organising Whitehall. Prime ministers will always be attracted by the visibility structural reform provides and secretaries of states and those around them are likely to resist steps to curb departmental autonomy. However, when money is tight, there can be no justification for ill-thought-through restructuring initiatives, which cost millions and help no one. In place of structural reform, the next government must seek genuine reform of Whitehall – and this means taking all steps possible to stimulate the strategic focus and cross-departmental collaboration that are urgently needed to tackle the complex challenges facing the country.

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[3] Harris, J., and McCrae, J., *Preparing for the Next Spending Review*, Institute for Government, 2014, retrieved, 15 Feb 2015, from: http://www.instituteforgovernment.org.uk/sites/default/files/publications/Spending%20review%20briefing%20note%20final.pdf

[4] Harris, J., et al *Central Responsibilities in Whitehall*, Institute for Government, forthcoming

[5] Harris, J., and Rutter, J., *Centre Forward: Effective Support for the Prime Minister at the Centre of Government,* Institute for Government 2014, retrieved 10 Feb 2015

Introduction

British prime ministers possess an unconstrained power to change the way their government departments are structured and organised. Unlike U.S. presidents, for example, prime ministers do not need legislative approval for changes. They just need to convince themselves that the change is necessary.

Prime ministers frequently use this power. Known in Whitehall and Westminster as 'machinery of government' changes, the most dramatic departmental restructurings often follow swift on the heels of an election or leadership contest. After the 1964 election, Harold Wilson embarked on 'The single biggest revolution in the structure of government ever carried out', creating five new Whitehall departments in a move which aimed simultaneously to create institutional counter-weights to the perceived 'monolithic supremacy of the Treasury' and to balance (and limit) the power of rising star Jim Callaghan (who became Chancellor) and the influential George Brown (who became Secretary of State in a more expansionary Department of Economic Affairs).[6] In 1970, Edward Heath created two new 'super-ministries' to symbolise, and enable, a new, more streamlined approach to governing the country.[7] After the 1997 election, Tony Blair created a new Department for International Development, a Department for Environment, Transport and the Regions, and the Department for Culture, Media and Sport (largely a renaming of Major's Department of National Heritage) – with the aim of ensuring departmental structures reflected his policy priorities.

Only two post-war prime ministers have been able to resist a significant restructuring exercise immediately after taking office. One of these was John Major, who simply waited until the 1992 General Election (eighteen months after he took office) before creating the Department of National Heritage and abolishing the Department of Energy by merging it with the Department for Trade and Industry (DTI). The other exception was David Cameron, who has resisted making major structural changes throughout the 2010-15 parliament – either due to scepticism about their benefits or because operating in coalition makes departmental restructuring (and changes to Cabinet roles) more politically fraught. The 2010 Coalition Agreement requires the prime minister and deputy prime minister to agree on allocation of ministerial portfolios.[8]

Cameron has, however, undertaken a number of less visible changes. He rebranded the Department of Children, Schools and Families, returning to the more traditional Department for Education title, and has passed relatively smaller government functions from one department to another. Annex 1 provides a complete list of changes but perhaps the most notable change was shifting responsibility for constitutional affairs from the Ministry of Justice to the Cabinet Office, allowing Deputy Prime Minister Nick Clegg to lead on an area that featured heavily in the Liberal Democrat manifesto. Later, after David Cameron judged Business Secretary Vince Cable to be biased against News Corporation in its bid to acquire a majority stake BSkyB, responsibility for all competition and policy issues relating to media, broadcasting, digital and telecoms sectors passed from the Department for Business Innovation and Skills (BIS) to the Department for Culture Media and Sport (DCMS). And since 2010, the Government Equalities Office has shifted from being a rather anomalous standalone department, first to the Home Office and then to the Department for Culture, Media and Sport, where it oddly remains despite the fact that none of its three ministers are based there.

Mergers, reconfiguration and abolition of arm's-length bodies (ALBs) do not 'count' as machinery of government changes according to Cabinet Office definitions – unless that is they alter which department is responsible for an ALB's oversight. However, there has been widespread structural reform in this area, as part of Francis Maude's public bodies reform programme.[9] The number of ALBs has fallen by around a third – not so much because

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[6] Theakston, K., *The 1964-70 Labour Governments and Whitehall Reform,* School of Politics and International Studies, University of Leeds, 2004, retrieved 26 January 2015, at: https://www.academia.edu/8485011/The_1964-70_Labour_Governments_and_Whitehall_Reform

[7] Theakston, K., 'The Heath Government: Whitehall and the Civil Service' in Ball, S., and Seldon, A., *The Heath Government, 1970-1974: A Reappraisal,* Routledge 2013

[8] *The Coalition Agreement for Stability and Reform,* May 2010. Retrieved 09 February 2015 at: https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/78978/coalition-agreement-may-2010_0.pdf

[9] See Pearson, J., Gash, T., and Rutter, J. *Out of the Ashes,* Institute for Government, forthcoming (2015). The main changes here were focused on reducing the number of ALBs, through the absorption of small, low-spending advisory bodies into departments, mergers, and the

government has stopped performing those functions previously carried out by ALBs but because dozens of ALBs have been brought back under direct departmental management or merged.[10]

In addition, as we later discuss, Cameron – like most first-term prime ministers – dramatically reshaped the political operation in Number 10, adjusted the cabinet committee system and set up new formal and informal processes to broker deals across Whitehall.

Given the tendency for post-election changes to the machinery of government, it is unsurprising that speculation about what might happen in 2015 is increasing. Ideas floated include:

- scrap smaller departments, such as the Department for Culture Media and Sport (DCMS) or the Department for Communities and Local Government[11]

- create new departments focusing on specific, high-priority issues, such as infrastructure or housing[12]

- merge existing departments and teams, for example bringing together the Scottish, Wales, Northern Ireland Offices or bringing the Department for Energy and Climate change back into the Department for Environment, Food and Rural Affairs (Defra)[13]

- move certain teams or units to related areas – for example, by returning responsibilities for constitutional matters (currently residing with the Cabinet Office) to the Ministry of Justice[14]

- rethink Whitehall structures. GovernUp, a cross-party thinktank, has proposed that "operational parts of the Civil Service should be managed as autonomous business units" while departmental structures should be replaced with a "One Whitehall" model – "a unified strategic core, designed around the government's priorities".[15]

Advocates of such changes argue that they could symbolise and enable a 'new' or 'better' way of delivering on government's objectives. But past experience in fact suggests that we should be cautious of expecting too much from machinery of government changes. Some of these have endured and delivered lasting benefits, even if they did require some upfront investment.[16] These include the creation of the Department of Work and Pensions in 2001, the Department of International Development in 1997 and the National Heritage Department (later DCMS) in

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reclassification of so-called 'Non-departmental Public Bodies' as 'Executive Agencies', which in theory enjoy relatively less autonomy from departmental control.

[10] See Pearson, J., Gash, T., and Rutter, J. *Out of the Ashes,* Institute for Government, forthcoming (2015). The main changes here were focused on reducing the number of ALBs, through the absorption of small, low spending advisory bodies into departments, mergers, and the reclassification of so-called 'Non-departmental Public Bodies' as 'Executive Agencies', which in theory enjoy relatively less autonomy from departmental control.

[11] See, for example, Eaton, G., 'Exclusive: Senior Labour figures push for government departments to be scrapped' in *New Statesman,* 15 May 2014, retrieved 26 January 2015, at: http://www.newstatesman.com/politics/2014/05/exclusive-senior-labour-figures-push-government-departments-be-scrapped

[12] See, for example, Hammond, S., 'Why we need a Department for Infrastucture Department' in *Conservative Home,* January 25, 2015, retrieved January 26, 2015, at: http://www.conservativehome.com/platform/2015/01/stephen-hammond-mp-why-we-need-a-department-for-infrastucture.html and Bevan, J., 'We need a Secretary of State for Housing, in the Cabinet with their own department' in *Labour List,* October 10, 2014, retrieved February 9, 2015, at: http://labourlist.org/2013/10/we-need-a-secretary-of-state-for-housing-in-the-cabinet-and-with-their-own-department/

[13] *Ibid.*

[14] Constitutional functions shifted to the Cabinet Office under the Coalition so that Nick Clegg could drive progress on the constitutional reform agenda outlined in the Coalition's Programme for Government, having previously sat in the Ministry of Justice. The fact that Labour's Shadow Justice Secretary, Sadiq Khan, also shadows Clegg on constitutional matters suggests that Labour see these issues as sitting better with the Justice brief than with any Cabinet Office role.

[15] Wheatley, M., *Repurposing Whitehall,* GovernUp 2015, retrieved 18 February 2015 from: http://static1.squarespace.com/static/5334b63fe4b089a9d0f05252/t/54da70c4e4b067c4d1d5135e/1423601860269/Repurposing+Whitehall+-+GovernUp.pdf

[16] White, A., and Dunleavy, P., *Making and Breaking Whitehall Departments,* Institute for Government, 2010, retrieved 05 January 2015 from http://www.instituteforgovernment.org.uk/sites/default/files/publications/making_and_breaking_whitehall_departments.pdf

1992.[17] But many major restructurings have had considerable costs but failed to endure, leaving, at best, a debatable legacy.[18]

Further, structural reforms have not fundamentally addressed historic weaknesses in Whitehall's ability to focus and co-ordinate government's activities effectively.[19] The Institute's 2010 research on collaboration within Whitehall highlighted the extent of these weaknesses. Over 40% of Whitehall officials interviewed felt that central government was 'not very' or 'not at all' joined up, and nearly 60% thought it was 'not very' or 'not at all' close to where it should be.[20] And interviewees were quick to point to examples of inefficiency resulting from poor co-ordinations, including:

- Departments failing to contribute budget towards projects that would benefit from matched EU investment and add value to government as a whole
- The lack of join-up in case management across the criminal justice system, which one interviewee described as 'completely mad'
- Inadequate investment in prevention activities such as drug-addiction treatment – when the benefits of intervention are spread over multiple departments.[21]

A range of National Audit Office (NAO) reports have highlighted similar issues, and their investigations of specific areas have highlighted the human and financial consequences of failings. For example, their 2009 study found that lack of co-ordination within the tax and benefits system between local authorities, DWP and HMRC led to 1.5 million older people overpaying £250 million in tax.[22]

This paper therefore draws on past Institute research to provide advice for those considering machinery of government changes and to highlight some possible alternatives. The Institute believes that manifesto commitments and any announcements and commentary about structural reform – should reflect the evidence about what works and what doesn't.

This report is structured around the six main lessons from past reforms to Whitehall's top level structures and processes:

1. Make sure departmental restructuring has a clear operational purpose
2. Beware of hidden costs
3. Remember the trade-offs that are always involved in such changes
4. Put in place expertise to support decisions and implementation
5. Don't rush – and know what a good decision-making process looks like
6. *Find other ways of ensuring departmental focus and cross-departmental co-ordination.*

We then draw on these lessons to make a number of recommendations for those hoping to be elected in 2015 and those advising and serving them.

Given that top-level restructuring in Whitehall is often considered alongside issues of cabinet formation, we suggest that our lessons and recommendations are studied with the questions raised in our 2012 briefing note, *Shuffling the Pack.*[23] And we note that many of the arguments in this paper draw on more detailed analysis captured in a range of Institute for Government research reports.

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[17] White, A., and Dunleavy, P., *Making and Breaking Whitehall Departments,* Institute for Government, 2010, retrieved 05 January 2015 from http://www.instituteforgovernment.org.uk/sites/default/files/publications/making_and_breaking_whitehall_departments.pdf

[18] *Ibid.*

[19] Parker et al, *Shaping Up,* Institute for Government, 2010, retrieved 18 February 2015, from: http://www.instituteforgovernment.org.uk/sites/default/files/shaping-up-a-whitehall-for-the-future.pdf

[20] Survey of 17 officials with responsibility for cross-departmental working from Parker et al, *Shaping Up,* Institute for Government, 2010, retrieved 18 February 2015, from: http://www.instituteforgovernment.org.uk/sites/default/files/shaping-up-a-whitehall-for-the-future.pdf

[21] Parker et al, *Shaping Up,* Institute for Government, 2010, retrieved 18 February 2015, from: http://www.instituteforgovernment.org.uk/sites/default/files/shaping-up-a-whitehall-for-the-future.pdf

[22] NAO, *Dealing with the Tax Obligations of Older People,* National Audit Office, 2009, p.5

[23] Paun, A., *Shuffling the Pack,* Institute for Government 2012, retrieved 27 February 2015, from thttp://www.instituteforgovernment.org.uk/publications/shuffling-pack

Figure 1: Department changes in Whitehall from 1979 to 2015

Source: IfG ministerial database, using House of Commons data and other sources including Butler and Butler, British Political Facts Since 1979. Based on IfG/LSE, Making and Breaking Whitehall Departments (2010)
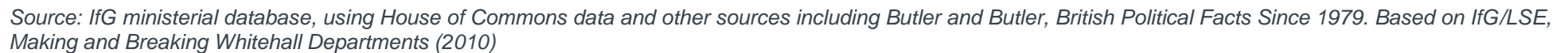
Lessons from past reforms

1. Beware hidden costs

Decisions about top-level changes in Whitehall are often made in haste. Half the major changes between 1979 and 2009 were implemented with less than four days to prepare for creating a new or remodelled department.[24] The rush is driven largely by the perceived need for secrecy about forthcoming changes. Departmental restructuring affects the jobs, status and career of political 'big beasts' – and there is a perception that the longer decisions are considered, the greater the risk of leaks and insurgency from ministers who feel changes might undermine their power or job satisfaction. As in the case of Cabinet reshuffles (which often accompany machinery of government changes in any case), there is also a fear that leaks will lead to prime ministers to lose control of the media presentation of changes.[25]

Time pressure and a perceived need for secrecy frequently lead to inadequate consideration of the administrative costs associated with structural change. The costs of restructuring are small as a percentage of total departmental budgets but remain considerable. Institute for Government analysis with LSE looked at four significant changes in the 2000s and found that the total costs of these changes varied. The cost of the creation of DIUS was estimated at just over £15m; the creation of DECC cost nearly £16m; the creation of Defra was estimated as costing around £31m and the creation of DWP was estimated to be £173m.[26] The timing of these costs varied. The changes in DIUS and DECC mostly fell in the first year of set up. The costs for the creation of Defra and DWP were spread over a longer period, both due to the scale of the operation and to the recurring costs of salary changes that accompanied the structural reform.

The types of cost also varied. DECC incurred some costs from moving to new premises, for example. However, those involved in past reforms warned would-be reformers to be particularly wary of the costs of bringing together staff from departments with very different pay scales. This happened when the Department for Environment, Food and Rural Affairs (Defra) was formed from a merger of the Ministry of Food and Farming (MAFF) and parts of the Department of Environment, Transport and the Regions (DETR). As one senior official explained:

> Blair put together two groups of staff that were at opposite ends of the range…and that caused a lot of trouble and a lot of cost because levelling up [salaries] was the only thing you could do.[27]

Other transition expenses that often exceed expectations include rebranding costs, and in many cases considerable costs from IT integration and consultancy support.[28] Often, those leading changes tried hard to keep costs as low as possible, for example by sharing services with other departments – but some costs are inevitable.

Major organisational change has considerable costs in terms of management time and staff distraction. There is initial disruption, for example, as new or reformed departments wrangle over the allocation of budgets. Then, there is longer-term disruption as staff lose focus on their day jobs during periods of internal change that might affect their roles, pay or conditions. And there is practical disruption resulting from operational problems during transition.

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[24] White, A., and Dunleavy, P., *Making and Breaking Whitehall Departments,* Institute for Government, 2010, retrieved 05 January 2015 from http://www.instituteforgovernment.org.uk/sites/default/files/publications/making_and_breaking_whitehall_departments.pdf

[25] Paun, A., *Shuffling the Pack,* Institute for Government 2012, retrieved 27 February 2015, from thttp://www.instituteforgovernment.org.uk/publications/shuffling-pack

[26] White, A., and Dunleavy, P., *Making and Breaking Whitehall Departments,* Institute for Government, 2010, retrieved 05 January 2015 from http://www.instituteforgovernment.org.uk/sites/default/files/publications/making_and_breaking_whitehall_departments.pdf. The four cases were the creations of DIUS, Defra, DECC, DWP.

[27] *Ibid.*

[28] *Ibid.*

The creation of DECC in 2008 provides a good illustration of these costs. There were fraught and time-consuming negotiations between DECC and Defra about which budgets would shift to the new department, for example, and how to allocate budgets for central support functions.[29] And the practical disruption of the change was well captured by one senior civil servant interviewed after the event:

> They had no IT… The first few weeks were really difficult because all the staff were in the wrong place. The ministers were in one [different] building… it was a bit like going back to WWII. There were messengers coming in with bits of paper because they didn't have IT connected and so on.[30]

The disruption of structural change is perhaps at its greatest in cases such as the formation of DECC. Speaking in 2010, another senior official explained:

> You have the worst possible world when there's no receiving department. In the case of DECC there was nothing, no building, no one in place, not even a name plate to put on the door. It hasn't gotten over this even now.[31]

Disruption continues for at least a year and usually two – which means that re-structuring will hardly ever make sense unless it endures considerably beyond that time period. And this in turn implies that restructuring towards the end of a parliamentary term is unwise unless a government is sure of being returned to office or has secured a degree of cross-party support for the change.[32]

Smaller structural reforms, including those moving relatively self-contained units or functions in their entirety to a different department may not be as disruptive, in that they often require less senior management attention. But there are still often HR, IT, and rebranding changes and their accompanying costs – and there is still a need to manage the change to get any benefits from integration or new ways of working. Moving small units around but leaving their working practices relatively unchanged is therefore a particularly unhelpful exercise. It simply incurs transition costs for no material benefit. We have often found that this type of incomplete restructuring is common in the landscape of arm's-length bodies (ALBs), with many ALBs created through mergers simply retaining their distinctive organisational structure and culture.[33]

The National Audit Office has noted that central government is poor at understanding and capturing the costs of restructuring. It highlights three reasons for this:

1. There is no standard approach for preparing and approving business cases assessing expected costs and intended benefits for reorganisations. [34]
2. There is no requirement to set reorganisation budgets and departments therefore rarely do so – meaning costs of change 'are borne by routine business activities in ways that are likely to be unclear and unplanned'.
3. There is no requirement for bodies to disclose the costs of reorganisations after they happen, so Parliament is not able to consider this information

Nonetheless, all estimates show that costs are considerable. Our analysis of the costs of four major restructuring processes is congruent with the NAO's wider 2010 assessment which looked at 51 significant restructurings within departments and ALBs. They found that the average costs of structural change were £15m.[35]

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[29] *Ibid.*

[30] *Ibid.*

[31] *Ibid.*

[32] On building cross-party consensus, see Rutter et al., *The 'S' Factors: Lessons from IFG's Policy Success Reunions,* 2012, retrieved 05 January 2015 from http://www.instituteforgovernment.org.uk/sites/default/files/publications/The%20S%20Factors.pdf

[33] Gash et al., *Read Before Burning: How to increase the effectiveness and accountability of quangos,* 2010, retrieved 12 February 2015 from *http://www.instituteforgovernment.org.uk/publications/read-burning#sthash.yFxLdsvV.dpuf*

[34] National Audit Office, *Reorganising central government,* London: Stationary Office, 2010 , retrieved 24 February 2015 from http://www.nao.org.uk/wp-content/uploads/2010/03/0910452.pdf

[35] *Ibid.*, p 4

2. Make sure structural changes have a clear operational purpose

Structural reforms need to deliver clear benefits to offset the inevitable costs and disruption. Prime ministers often seek a range of benefits when they embark on these changes – but it is hard to identify their motivation when they are frequently made in haste. Indeed, those involved regularly disagree about the grounds for change.[36]

However, it is possible to identify some common factors that influence change. In particular, changes aim to:

- **Improve internal party dynamics and Cabinet composition.** The creation of the Department for Environment, Transport and the Regions (DETR) in 1997 and the Office of the Deputy Prime Minister (ODPM) in 2001 were both designed heavily around John Prescott's role and influence in the Labour Party.
- **Signal political priorities.** This was an important motivation behind the creation of the Department for Energy and Climate Change, for example.
- **Improve operational efficiency and/or effectiveness.** There are a range of operational reasons for change, including:
  - **reducing back office and support costs:** The Government Equalities Office was absorbed into the Home Office partly on the grounds that, as a standalone department, it had additional back office and ministerial support costs.
  - **increasing focus:** The Department for International Development was split out from the Foreign Office due to fears that development issues (and expenditure) would always come second to security issues if the area remained within the department.
  - **improving co-ordination:** The creation of the Department for Energy and Climate Change was set partly in an attempt to internalise the tensions between goals around energy (ensuring affordability and security of energy supply) and goals around climate change (reducing carbon emissions).
  - **facilitating new operational delivery models:** The creation of DWP was designed largely to facilitate a more integrated service to those in receipt of benefits.

Structural changes regularly seek to achieve multiple goals. They are also often stimulated in part by internal pressures and in part by external developments. The increased evidence of global warming and knowledge of its causes and effects increased the salience of climate change as a political issue, for example. And twenty years earlier, the privatisation of energy and utilities and Britain's decreasing reliance on mining prompted the abolition of the Department of Energy.

Managing party dynamics

Given the myriad influences on departmental restructuring decisions, it is hard to be precise about the motivations behind any change. However, our past research suggests that around over a third of major changes between 1979 and 2009 were driven primarily by cabinet and party management considerations.[37]
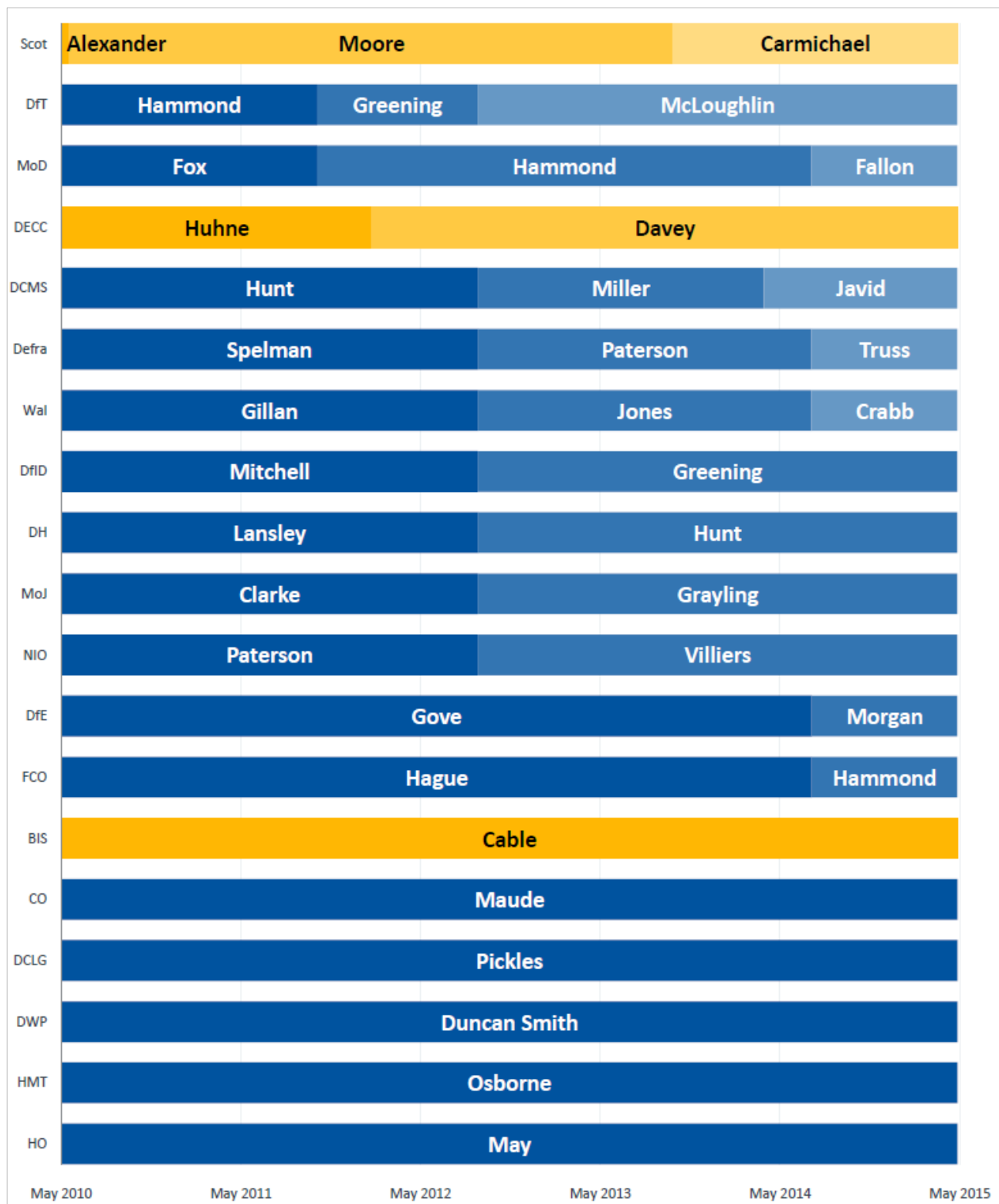
While common, such changes appear to be among the least likely to succeed, being judged least successful by those involved in them and proving particularly unlikely to survive a reshuffle or transition of governing party.[38] This poor record may relate to the fact that changes made to address party management issues are often particularly rushed – as they are usually tied to the frenetic process of Cabinet formation. However, it is also self-evident that if a departmental structure is based purely around a particular secretary of state's skills or status, it is unlikely to endure. Ministerial roles and fortunes change rapidly, so structures designed around individuals soon cease to make sense – even in some cases to the prime ministers who made the initial changes.

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[36] White, A., and Dunleavy, P., *Making and Breaking Whitehall Departments,* Institute for Government, 2010, retrieved 05 January 2015 from http://www.instituteforgovernment.org.uk/sites/default/files/publications/making_and_breaking_whitehall_departments.pdf

[37] *Ibid.*, p35

[38] *Ibid.*

Figure 2: Cabinet Composition, 2010-2015

	May 2010	May 2011	May 2012	May 2013	May 2014	May 2015
Scot	Alexander	Moore			Carmichael	
DfT	Hammond	Greening	McLoughlin			
MoD	Fox	Hammond			Fallon	
DECC	Huhne	Davey				
DCMS	Hunt		Miller		Javid	
Defra	Spelman		Paterson		Truss	
Wal	Gillan		Jones		Crabb	
DfID	Mitchell		Greening			
DH	Lansley		Hunt			
MoJ	Clarke		Grayling			
NIO	Paterson		Villiers			
DfE	Gove				Morgan	
FCO	Hague				Hammond	
BIS	Cable					
CO	Maude					
DCLG	Pickles					
DWP	Duncan Smith					
HMT	Osborne					
HO	May					

Source: Institute for Government analysis of reshuffles, 2010-14

David Cameron has a reputation for providing greater stability in top jobs than previous governments. But in fact, the level of churn at Cabinet level is not markedly different than some previous administrations.[39] As figure 2 shows, eight departments have had just one secretary of state between 2010 and 2015. However, even under a prime minister constrained by the pressures of the Coalition, three departments have had three secretaries of state and eight departments have had two. The average duration of secretary of state tenure in post-war era has been between two and two and a half years.[40] This short average tenure for cabinet posts in itself provides a strong rationale against using machinery of government changes for party management purposes. Prime ministers should find other ways of rewarding and ensuring loyalty – and of utilising exceptional talent.

Signalling priorities

It can be difficult to distinguish changes made as political signals from those aimed at genuinely increasing government's focus on an issue. The creation of DfID, the Department of Heritage and DECC served as political signals but were also designed to bring focus to particular policy areas.

However, there are certainly cases where departmental restructuring has been heavily influenced by a desire to signal a new approach to governing. Heath's creation of so-called 'super-ministries' have already been mentioned as an example – though Heath did also see these reforms as being likely to place conflicts within departments rather than clogging up the already-busy agenda of his cabinet meetings.

Such changes are partly based on an unproven assumption that the symbolism of machinery of government change matters to the electorate – and that these political benefits outweigh costs and disruption. We know of no research directly testing how such reforms affect public perceptions. But there are in fact good reasons to believe that only a tiny proportion of the population will even become aware of departmental restructurings. And there is reason to suspect that the public often view administrative and governance reforms with a degree of scepticism. Our research on the 2012 referenda on whether cities should introduce directly elected mayors, for example, suggested that the public could not see what change mayors would bring because this reform was not accompanied by meaningful promises of changes in funding or policy.[41] And the failure of most of these referenda also reflected the fact that councillors opposed to the changes successfully persuaded many voters that the change simply meant 'more politicians' – another warning to those thinking about creating new departments to demonstrate focus on high priority policies.

Reducing costs

Changes are often justified on the grounds they reduce 'back office' costs. However, it is important to be wary of inflated estimates of potential savings. It should not be assumed that reducing the number of departments automatically reduces costs. To take DCMS as an example, it already shares a building and most back office functions with the Treasury – meaning that savings there would be largely limited to those generated by losing a secretary of state, and replacing him with minister of state – or by those enabled by policy choices that could be made anyway – for example, cuts to arts funding. The Department for Communities and Local Government (DCLG) is a similar case, as it already shares a building and some back office functions with the Home Office.

Savings need to be considered alongside transition costs but also their potential impact on effectiveness. DCMS is the smallest department in terms of staff numbers with 430 staff.[42] However, it is still responsible for overseeing

[39] Freeguard, G., *Pre-Shuffle: The Real Deal with Cabinet Reshuffles Under Cameron and Blair*, Institute for Government, retrieved 5 March 2014 http://www.instituteforgovernment.org.uk/blog/8217/pre-shuffle-the-real-deal-with-cabinet-reshuffles-under-cameron-and-blair/

[40] IfG ministerial data analysis shows that assuming no secretary of state turnover before May, 2010-2015 Cabinet ministers have remained in post for around two and a half years (911 days). Data from Clearly, H., and Reeves, R., *The culture of churn' for UK Ministers and the price we all pay,* Demos, 2009, retrieved 16 February 2015 from http://www.demos.co.uk/files/Ministerial_Churn.pdf suggests average tenure dipped to under two years between 2004 and 2009. Between 1947 and 1997, the average tenure of a Cabinet minister was around two years and four4 months (28.05 months) according to Berlinski, S., Dewan, T., Dowding, K., 'The Length of Ministerial Tenure in the United Kingdom, 1945–97', *British Journal of Political Science*, April 2007

[41] Gash, T., Randall, J., and Sims, S., *Achieving Political Decentralisation,* Institute for Government, 2014, retrieved 20 February 2015, from: http://www.instituteforgovernment.org.uk/sites/default/files/publications/DecentralisationPaper%20-%20FINAL_0.pdf

[42] As of September 2014 (Q3), *The Civil Service Workforce,* Institute for Government , retrieved 16 February 2015, from: http://www.instituteforgovernment.org.uk/publication/civil-service-workforce

nearly £6 billion of expenditure each year – so if changes led to a loss of focus or capability overseeing the various grants dispensed by the department, it is clear that any savings could easily be offset by disruption elsewhere.[43]

Where smaller departments are not sharing premises or services, the savings from departmental abolition could be greater. However, we argue below that some of the greatest efficiency and effectiveness gains for both small and large departments may come from managing functions such as finance and communications on a more cross-departmental basis.[44] Work is progressing in these areas but the jury is still out on the potential financial and performance benefits. However, this again highlights the importance of avoiding the assumption that restructuring offers the best prospect of reduced administrative costs.

Increasing focus

Machinery of government changes are sometimes justified in terms of bringing focus on specific issues. The case of the creation of the Department for International Development in 1997 provides an interesting example. The idea was promoted by Clare Short, the department's first secretary of state. Short saw her move from shadow transport secretary to the shadow overseas development brief as a demotion, and Blair may have created the department partly to alleviate the resulting tension in their relationship. But Short also argued that the split was necessary to ensure that development issues did not always come second to the issues of security and trade that were commonly prioritised within the Foreign Office. The move ensured that a development perspective was represented at the cabinet table, ensuring that the Cabinet considered trade-offs and tensions between these various goals – and is seen to have increased ongoing operational focus on development.[45] Based on the reform's longevity we could count it a success, notwithstanding the fact some commentators have recently called for the department to be reabsorbed into the Foreign Office.[46]

There are, of course, other – and less disruptive – routes to ensuring focus on specific issues, that we consider below and which have the potential to be equally effective. And there is no reason to expect that the creation of a department brings greater focus to an issue. Departments overseeing areas that are a low priority for the government can still have budgets cut and lose out in cross-departmental conflicts. Nonetheless, there do appear to be some reasons why a dedicated department and an accompanying voice at the cabinet table might influence cross-Whitehall decision-making – if only when there are reasons to believe that the existing secretary of state will not be able to represent the priority area adequately.

Improving co-ordination

It is intriguing that prime ministers who happily justify the creation of new, smaller departments as a route to improving focus often simultaneously justify the amalgamation of departments or functions on the grounds that it will improve co-ordination. In 1997, Tony Blair created DfID but also brought together the Department for Environment, Transport and the Regions (DETR), with the government publicly arguing that the DETR's creation would allow environmental issues to be considered at an earlier phase of transport planning.[47] As in the creation of, for example, the Department for Education and Employment in 1995 and the creation of DECC, the argument was that internalising policy conflicts within the department would reduce the number of disagreements at the cabinet table and allow the department to develop more 'win-win' solutions internally.

[43] Freeguard, G., Bouchal, P., Munro, R., Nimmo, C., *Whitehall Monitor 2014: A data-driven analysis of the size, shape and performance of Whitehall,* Institute for Government 2014, retrieved 27 January 2015, at: http://www.instituteforgovernment.org.uk/sites/default/files/publications/IFG%20-%20Whitehall%20Monitor%202014.pdf

[44] McCrae, J., Randall, J., *Leading Functions Across Whitehall*, Institute for Government, 2013, retrieved 16 February 2015 from http://www.instituteforgovernment.org.uk/sites/default/files/publications/Functional%20Leadership%20Briefing%20Note.pdf and Harris, J., et al *Getting the civil service in shape: the responsibilities of the centre,* Institute for Government, forthcoming

[45] See, for example, Green, D., *How has DfID's thinking evolved since 1997? Four White Papers Provide a Rough Guide*, Oxfam 2012, retrieved 12 February 2015 from: http://oxfamblogs.org/fp2p/how-has-dfids-thinking-evolved-since-1997-four-white-papers-provide-a-rough-guide/

[46] Raab, D., *Weight Watchers for Whitehall*, Free Enterprise Group, 2013, retrieved 16 February 2015 from http://www.freeenterprise.org.uk/sites/freeenterprise.drupalgardens.com/files/201306/Weight%20Watchers%20for%20Whitehall.pdf

[47] Beecroft, M., *From DETR to DfT via DTLR, what are the potential implications for transport planning of these changes in departmental organisation?*, retrieved 12 February 2015 from: http://www.tps.org.uk/files/Main/Library/2002/0102beecroft.pdf

The issue with these types of reforms is that many of the tensions they are designed to overcome will continue – at least where opinions within Cabinet differ. Recently, there have been noticeable arguments in relation to energy and climate change policies. The Department's Liberal Democrat Secretary of State, Ed Davey, has become engaged in public rows with the Chancellor over how aggressively to pursue carbon reduction targets, for example.[48] And such conflicts are possible even within a single party government. John Prescott's DETR was criticised by colleagues and commentators, for example, for failing to sufficiently prioritise the needs of road-users – a factor that is seen to have contributed to that department's rapid demise and restructuring in 2001.[49]

Further, it is clear that mergers will not automatically drive improved co-ordination. Any co-ordination benefits require proper integration of merged functions and there are many examples of departments that exist for many years without attempting such integration. The Institute's work with the Ministry of Justice showed that the department (formed from parts of the Home Office and the Department for Constitutional Affairs) only began its integration efforts in earnest in 2009, two years after the change.[50]

Enabling new approaches to operational delivery

It would seem self-evident that changes will deliver better value for money where they are designed to facilitate improvements to the way that citizens experience frontline services. The creation of the Department of Work and Pensions in 2001 – a change which has stood the test of time – sensibly brought together the government agencies providing frontline services to those receiving state employment benefits and was announced after a lengthy, if rather fraught, planning process which tested the viability of different integration models.[51] It is interesting because it is a relatively rare case of a machinery of government change driven more by a 'bottom-up' than a 'top-down' logic. Ministers and officials tried – over a period of many months – to work out which frontline service models would deliver more seamless and efficient services and then reshaped departmental structures to match.

This reason for restructuring is surprisingly rare in Whitehall, possibly because central decision-making can be somewhat distant from frontline delivery – or because of reluctance to work across departmental boundaries. It is, however, the logic that has driven several important improvements in efficiency and effectiveness in local government and internationally – for example, in the creation of 'one-stop shops' for local government services and the creation of New York's so-called 311 system, which allows residents to access a wide range of services.[52]

Elsewhere, we have argued that restructuring the machinery of government that manages the UK's relationship with the devolved administrations would also likely bring operational benefits.[53] Policy in relation to Wales, Scotland and Northern Ireland will continue to be distinctive but bringing together the Wales, Scotland and Northern Ireland Offices appears sensible both because of the interdependencies between policy in relation to each country and due to the potential benefits of bringing together expertise in managing devolution issues and cross-national relationships.[54]

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[48] Clark, P., and Pickard, J., 'Climate target reignites coalition row' in *Financial Times,* 13 September 2012, retrieved 01 February 2015, from: http://www.ft.com/cms/s/0/cc7ad3ee-fd8d-11e1-8e36-00144feabdc0.html#axzz3RWF5u77K . Davey also publicly rebuked one of his conservative junior ministers who, contrary to departmental plans, argued that there was no need for further investment in on-shore wind farms.

[49] Beecroft, M., *From DETR to DfT via DTLR, what are the potential implications for transport planning of these changes in departmental organisation?*, retrieved 12 February 2015 from: http://www.tps.org.uk/files/Main/Library/2002/0102beecroft.pdf

[50] Gash, T., and McCrae, J., *Transformation in the Ministry of Justice,* Institute for Government 2010

[51] White, A., and Dunleavy, P., *Making and Breaking Whitehall Departments,* Institute for Government, 2010, retrieved 05 January 2015 from http://www.instituteforgovernment.org.uk/sites/default/files/publications/making_and_breaking_whitehall_departments.pdf

[52] PWC Australia, *Transforming the citizen experience One Stop Shop for public services,* 2012, retrieved 15 February 2015 from: https://www.pwc.co.uk/en_UK/gx/psrc/pdf/one-stop-shop-feb-2012.pdf

[53] Munroe, R., and Paun, A., *Governing After the Referendum,* Institute for Government, retrieved 27 February from http://www.instituteforgovernment.org.uk/publications/governing-ever-looser-union

[54] *Ibid.*

3. Remember the trade-offs that are always involved

The job of managing government is clearly too big for one person – or department – to grasp. The UK government has a vast range of responsibilities, directly managing around £700bn per year of public money and making policy interventions that affect the wider economy and society.[55] In light of this, it is inevitable that tasks are divided up into seemingly sensible groupings and a number of cabinet jobs and 'departments'.

There are no hard and fast rules on how many top-level departments there should be. But it is striking that despite the vast number of machinery of government changes in recent decades, the overall number of departments has remained relatively constant at around 20. The reforms of Wilson and then Heath saw the number of departments fall to 17 in 1971. But their 'super-ministries' proved to be unworkable in practice and departmental numbers gradually sneaked upwards. The creation of the Department of Innovation, Universities and Skills in 2007 took the number of departments to a forty-year high of 23 but was merged into a new Department of Business, Innovation and Skills (BIS) just two years later. Interestingly – if not entirely surprisingly – Labour governments have historically been somewhat more likely to create departments and the Conservatives to dismantle then, though it is important to note that the number of departments is not closely related to the cost of government.[56]

The responsibilities of the twenty-ish departments have varied far more – which in one sense demonstrates the fact that there are no perfect solutions to the question of the ideal departmental structure. Deciding on Whitehall's structures essentially requires trade-offs.

By putting different functions together, prime ministers often hope to improve co-ordination. But moving a function to a different department can easily create new tensions or disconnects. This is perhaps best shown in relation to skills where prime ministers have perennially vacillated on whether they should place government's skills portfolio within the education-focused, employment-focused, or business-focused departments. This case is a clear example of the need for trade-offs – and also suggests that whatever the machinery of government, robust mechanisms to resolve cross-departmental disputes and encourage collaboration are a pre-requisite of effective government.

Choices about which government functions to locate in a department also require trade-offs in relation to simultaneous desires for co-ordination and clear focus. In departments with broad and ambitious policy portfolios, secretaries of state and their departments can find themselves pulled in various directions, as new issues arise or come into the media spotlight. Media reports on the demise of departments such as the DETR and the splitting up of the Home Office in 2007 focused on the fact that their portfolios were too unwieldy for effective policy formulation and delivery – though (as in so many reforms) cabinet formation and personality-driven factors were equally important. There are similar trade-offs in relation to abolishing departments. As we've seen the savings from such reforms are easy to over-estimate but it is also clear that changes of this type may require trade-offs between the costs and the degree of top-level political focus on an area.

Prime ministers clearly face trade-offs between considerations relating to politics, party management and practicalities. Thus, for example, Tony Blair may have found it expedient to reward his close ally John Prescott with a larger brief through the creation of DETR in 1997 and then the sprawling Office of the Deputy Prime Minister in 2001 – but neither model ever appeared likely to be a sustainable departmental configuration for long-term effectiveness. Similarly, Heath believed that reducing the number of government departments would signal a more business-like approach to the electorate – but it was also an approach that left several disgruntled senior colleagues without a job.

One noticeable tendency in those advocating change in the past has been to focus on the 'main' change – and not worry too much about 'the rest'. The creation of the Department for Children, Schools and Families (formerly the Department for Education and Skills) was seen by Education Secretary Ed Balls and others to be beneficial

[55] Freeguard et al, *Whitehall Monitor 2014: A data-driven analysis of the size, shape and performance of Whitehall,* Institute for Government 2014, retrieved 27 January 2015, at: http://www.instituteforgovernment.org.uk/sites/default/files/publications/IFG%20-%20Whitehall%20Monitor%202014.pdf

[56] White, A., and Dunleavy, P., *Making and Breaking Whitehall Departments,* Institute for Government, 2010, retrieved 05 January 2015 from http://www.instituteforgovernment.org.uk/sites/default/files/publications/making_and_breaking_whitehall_departments.pdf

because it allowed the department to deal with all aspects of the education and care of children up to 16 years of age. There was much logic in this – particularly because it would involve DCSF taking on a similar role in relation to children's services than the one it had in relation to schools. However, it left the question of where the old vocational education or skills brief would sit. The creation of DIUS was not the only option considered – but it is clear from our research that the solution that was arrived at worked much better for DCSF (which experienced limited disruption) than it did for the department created as a by-product of DCSF's creation.

When contemplating trade-offs, it is vital to bear in mind that different groups will view any changes differently. While some groups might receive a change well; others might be more wary. Thinking about the frequently touted abolition of DCMS again, advocates argue that it will symbolise and enable efficiency. But those with interests in this policy area could take a different view. Various vocal cultural and media icons would see the move as symbolising a disinterest in this area – and might resent the fact that they can no longer access (or lobby) a top-rank politician with a seat at Cabinet. Opposition parties will no doubt seek to portray actions in the worst possible light. Following rumours about DCMS's abolition in 2012, shadow culture secretary Harriet Harman said: 'I fear that Cameron is about to deal yet another blow to the arts by abolishing the DCMS altogether.'[57] Conversely, promises to create new departments to demonstrate greater focus on a particular issue can be viewed as a symbol of government expansionism and inefficiency by political opponents and voters.

These complex trade-offs, like the hidden costs of restructuring, are difficult to understand fully when decisions are made in haste and secrecy.

4. Put in place expertise to support decisions and implementation

Decisions on major machinery of government changes are the responsibility of the prime minister. The cabinet secretary is responsible for providing him or her with advice and supporting implementation and is supported in his role by the Economic and Domestic Secretariat.[58] The Treasury has a role in agreeing to changes that have budget implications.

Unfortunately it is clear that in practice central support for machinery of government changes and their subsequent implementation is rather limited – and not simply due to the secrecy that tends to surround them. As one insider explained to us in 2010:

> The Cabinet Office is not sufficiently institutionally equipped to make these changes when they have to happen… there are all sorts of organisational developmental dimensions to this, which any well-versed practitioner of mergers and acquisitions in the private sector could talk to you about, which Whitehall has no institutional knowledge of.[59]

The lack of specialist support at the centre is compounded by a tendency within departments to undervalue experience and specialist skills relating to organisational change.[60] Our research into the abolition and restructuring of a number of arm's-length bodies since 2010 shows that it is in fact rare to even consult staff with experience of leading such changes let alone recruit them to ensure they succeed.[61] As one senior official involved in a recent close-down of the National Policing Improvement Agency observed:

[57] Farrington, J., 'DCMS 'could be scrapped', says Jarvis' in *The Bookseller,* 30 May 2013, retrieved 12 Feb 2013, from: http://www.thebookseller.com/news/dcms-could-be-scrapped-says-jarvis

[58] Cabinet Office, *The Cabinet Manual – Draft: A guide to laws, conventions, and rules on the operation of government,* Cabinet Office 2010, retrieved 24 February 2015 from: https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/60645/cabinetdraftmanual.pdf

[59] White, A., and Dunleavy, P., *Making and Breaking Whitehall Departments,* Institute for Government, 2010, retrieved 05 January 2015 from http://www.instituteforgovernment.org.uk/sites/default/files/publications/making_and_breaking_whitehall_departments.pdf

[60] Pearson, J., and Page, J., *Transforming Whitehall One Year On,* Institute for Government 2014, retrieved 12 February 2015, from: http://www.instituteforgovernment.org.uk/sites/default/files/publications/24032014%20-%20TWD%20-%20OYO%20final.pdf

[61] Timmins, N., and Gash, T., *Dying to improve: The Abolition of the Audit Commission and Other Improvement Agencies,* Institute for Government, 2014, retrieved 12 February 2015, from: http://www.instituteforgovernment.org.uk/sites/default/files/publications/Dying%20to%20Improve%20-%20web.pdf

> We ended up pretty much with a team that was thrown together' *[and]* 'did not seek out other learning that was out there.[62]

Another official made the following observation of structural changes, which applies to departmental restructuring as well as reconfiguration of ALBs:

> Looking back, we have shut down a lot of public bodies, so collectively we should be good at it. Yet there is no central expertise to draw on. The cabinet guidelines were about accounting, and that wasn't much use. There must be a better way of doing these things.[63]

The Treasury's role in structural reform is arguably even more passive than that of the Cabinet Office. The official Treasury position is that all machinery of government changes should be cost neutral from year one. This is highly unrealistic and most likely contributes to the general tendency to neglect work assessing costs and benefits in advance of restructuring efforts – and the inability to audit them. However, it also reflects a form of perhaps justifiable cynicism. Knowing that such changes are often driven by short-term political imperatives, the Treasury is reluctant to believe that any long-term savings from change will be realised.

5. Don't rush – and know what a good decision-making process looks like

It is clear from the above that the secrecy and pace of decision-making contribute to misjudgements about the benefits and costs of reforming Whitehall's top level structures. What is less clear is how far a typically rushed and ill-supported process can be avoided given our political culture and incentives.

History shows while secrecy and haste are typical, some changes have largely avoided this approach. As we have seen, DWP was conceived and created after extensive consultation and piloting of the frontline service model in specific areas. The creation of DfID, meanwhile, was floated well in advance of the 1997 general election and was included in the Labour Party manifesto, allowing Clare Short and others to hear counter-arguments and consider design issues – and the Civil Service to prepare for implementation.[64] It is noticeable that these changes were notably more successful than most. Officials interviewed as part of the Institute and London School of Economics research on this topic in 2010 suggested an approach decoupling the cabinet formation and departmental restructuring processes offered a route to better changes:

> The right thing would be to produce the blueprint but promise that it won't happen until after the next election or [Cabinet] reshuffle, so that the politicians did not feel it would affect them personally.[65]

Similarly the current convention of limited parliamentary scrutiny of changes is not a necessary fact of life. Machinery of government changes involving reallocation of government's statutory functions between departments are laid before Parliament through a transfer of functions order (an Order in Council under the Ministers of the Crown Act 1975).[66] This arrangement usually involves government laying plans before Parliament, with the proposal passing automatically unless Parliament 'prays against' changes within 40 days to force a parliamentary debate. However, machinery of government changes before 1946 required primary legislation and some subsequent changes have been enshrined in legislation – for example under the Defence (Transfer of Functions) Act of 1964. There are also case by case differences that affect the level and timing of parliamentary debate on changes. As the Cabinet Manual notes:

> In some cases, it will not be possible to implement the change until the order has been made; but where the change involves the transfer of functions between secretaries of state it will usually be possible to implement the change in

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[62] *Ibid.*

[63] *Ibid.*

[64] The Labour Party, *New Labour because Britain deserves better,* Labour Party, 1997, retrieved 20 February 2015 from http://www.labour-party.org.uk/manifestos/1997/1997-labour-manifesto.shtml

[65] White, A., and Dunleavy, P., *Making and Breaking Whitehall Departments,* Institute for Government, 2010,p. 85, retrieved 05 January 2015 from http://www.instituteforgovernment.org.uk/sites/default/files/publications/making_and_breaking_whitehall_departments.pdf

[66] Lee, J., *Reviewing the Machinery of Government 1942-1952,* privately printed 1977

advance of the order being made. Primary legislation may be needed for machinery of government changes extending beyond ministerial departments.

The fact that there is no inherent reason why Parliament could not play a greater role in debating changes should not, of course, lead us to overlook the fact that there have been no parliamentary debates on transfer of functions orders in over 30 years.[67] And it is similarly worth noting that while select committees are able to debate any machinery of government changes they choose to, they rarely do so. The author is not aware of any occasions where select committees have triggered a parliamentary debate on any change after publishing a report, as they are in theory entitled to.

Looking internationally, we can see that in some countries it is considerably harder to make changes to departmental structures. The U.S. system is an example of a far more rigid approach. All US departmental reorganisations have to be approved by Congress, and changes are generally opposed because of the inevitably disruptive effects on the existing structure of congressional committees and sub-committees, many of whose powerful incumbents often stand to lose out from any reorganisation.

However, the U.S. is an outlier in the rigidity of its top-level structures and some argue that the U.S. system is in fact too inflexible.[68] More important, the U.S. system is so different to that of the UK that it is hard to transfer lessons from one country to the other. Westminster-style democracies, such as Canada, Australia and New Zealand are probably more sensible comparators.

Canada, Australia and New Zealand have approaches that are far more similar to the UK and, like the UK, experience higher numbers of major restructurings than the U.S.[69] Changes in these countries are also usually triggered by fairly rapid prime ministerial decision-making, for example, and not easily blocked. Despite these similarities, however, Westminster democracies have developed a number of practices that support better decision-making and implementation in relation to structural change. In Canada, most department reconfigurations are confirmed in statute – which means Parliament has an opportunity to debate and vote on changes after they are announced. And while new departments are operational once announced, significant changes may be delayed until legislative approval is acquired. This is not a foolproof strategy to mitigate ill-conceived government reorganisations but does provide an added incentive for the prime minister to ensure department changes are based on a sound rationale because the alternative is to face possible defeat in the legislature.

For instance, in December 2003, the newly appointed Prime Minister, Paul Martin, separated the Department of Foreign Affairs and International Trade (DFAIT) into a department named Foreign Affairs Canada (FAC) and another named International Trade Canada (ITCan). While the two departments were operational from the time of their announcement, the Prime Minister faced media scrutiny over the change. Prominent Globe and Mail columnist, Jeffrey Simpson, famously described Prime Minister Martin's decision to split the departments as 'an idea so splendidly stupid that literally no one in Ottawa will admit to having favoured it'.[70] And in February 2005 – over a year after the departments' creation – the legislation to formalise the new arrangement failed to pass a first vote in the Canadian House of Commons, prompting a review followed by re-amalgamation in 2006.

The DFAIT case is interesting. It demonstrates that the Canadian system provides a useful check and balance on unnecessary structural reform – but it also shows that the potential perverse consequences of the Canadian approach. Post-change scrutiny in this case created considerable organisational disruption, rather than simply preventing a poor decision being made in the first place.

The Canadian prime minister can also draw on more specialist expertise to support decision-making. A Machinery of Government Secretariat advises on proposed changes in consultation with government entities and establishes costs, disruption, implementation timelines and alternatives to structural change where applicable. And the

[67] Public Administration Select Committee, *Machinery of Government Changes: Further Report,* House of Commons, London: The Stationery Office Limited, 2008, retrieved from 24 February 2015. Note that this report states there have been no debates within 25 years of its publication – but there have also been no debates on Transfer of Functions Orders subsequently.

[68] White, A., and Dunleavy, P., *Making and Breaking Whitehall Departments,* Institute for Government, 2010, retrieved 05 January 2015 from http://www.instituteforgovernment.org.uk/sites/default/files/publications/making_and_breaking_whitehall_departments.pdf

[69] *Ibid.*

[70] *Ibid.* The citation is from Simpson, J., 'A bureaucratic python is crushing this vision. In *Globe and Mail, 27 November 2004*, A29

Treasury Board Secretariat supports implementation with advice on workforce disputes and provides budget to facilitate pay harmonisation and IT integration where appropriate. Australia also has greater support for implementation, with considerable post-change guidance and support from the centre to ensure the department has the capacity to meet the goals of the change. And in New Zealand, the State Services Commission provides similar support.

These international examples suggest that it is possible to encourage a more considered approach and to provide greater central support for decisions and implementation. And cases like the creation of DWP and DfID similarly point to an alternative – and more effective – process. The DfID case is particularly interesting in the context of the run up to the 2015. At the time of writing, the Labour opposition has not yet publicly committed to any machinery of government change – so unless positions are tested and announced quickly, any changes Labour makes if elected will follow the typical (and ineffective) rushed process. The only possible exception relates to constitutional affairs. In this area, the Shadow Justice Secretary, Sadiq Khan, covers this area even though it sits with the Deputy Prime Minister in the Cabinet Office and there is a general assumption that Labour would look to make this change permanent. Despite this assumption, there has not been wide debate about the idea.

Should parties and those around them wish to test ideas in private before floating publicly, Figure 3, provides our own suggested questions.

Figure 3: Questions for those considering departmental restructuring

Question	Rationale
Is there a clear operational purpose for the change – and are you clear when and how the benefits will be realised?	Changes implemented solely for party management and political signalling are highly unlikely to deliver value for the taxpayer. The public are unlikely to value restructuring over other signals of intent. If there is an operational, and ideally 'bottom-up' logic, for change it will be easier to explain to staff and more likely to prove effective and endure. Given the cost of changes, the onus should be on proving benefits through a proper assessment.
Are you clear on costs and risks, including those relating to salary equalisation, IT and change management costs?	Analysis is essential to ensuring there is a strong case for change, for spotting knotty HR and IT issues, and for ensuring those involved can be accountable for delivery. Be particularly careful when there are big differences in salary scales between departments. And remember to assess the knock on consequence of changes in one department on others.
Have you tested ideas with those affected and those involved in similar changes before?	Even where secrecy is at a premium, it is important to understand how the change will be interpreted by affected groups – or risk a backlash. Speaking to those with prior experience of restructuring helps you to ask the right questions when considering changes.
Have you considered alternatives that could achieve similar benefits with considerably lower costs and disruption?	As outlined in this paper (below), there are various ways of refocusing departments, reducing their costs, and improving co-ordination between them. There are also alternative routes to managing cabinet dynamics and political signalling.
Is there a clear business case?	A business plan is necessary to capture the rationale for change, consider implementation issues and allow evaluation after the fact. The business plan should allow for a dedicated transition team to support relevant permanent secretaries.
Can you leave a gap of at least four weeks between the announcement of changes and new structures becoming operational?	Given the secrecy that usually accompanies machinery of government announcements, this period is essential to ensuring the basic preparatory work can be done and new entities can provide at least basic ministerial support functions on day one. You can take this time to ensure you have the right skills and capacities in place to minimise the disruption of any change and to double-check the solution is viable.

6. Find other ways of improving focus and co-ordination across departments

Machinery of government changes will never do away with the need to ensure that departments maintain focus on core government priorities – nor will they eliminate the need to ensure co-ordination and collaboration across departments. Following the election, government's major goals are likely to involve deficit reduction, stimulating growth, addressing long-term challenges such as climate change, improving public services and managing political relationships with devolved nations, increasingly powerful city-regions and Europe.[71] None of these goals are likely to be achieved by a single department – whatever the departmental boundaries government decides on. Similarly, irrespective of departmental boundaries, it will be necessary to work across departments to design and implement policy effectively – ensuring that decisions and services make sense to citizens.[72]

There are a range of non-structural changes that can improve government's capacity to prioritise specific goals and encourage collaboration across government.

Prioritisation will often involve reforming processes at the heart of government – particularly those that determine departmental spending and goals. Co-ordination and collaboration can be supported through centrally-designed structures and processes, such as the Spending Review, but also through negotiated relationships between departments who realise that they can achieve their collective goals by working together.

In 2010, Cameron initially saw less need than his predecessors for specific central capacity to drive prioritisation across government. Placing faith in close colleagues and a rather small number of advisers, he disbanded a number of Cabinet Office units which provided additional analytic and implementation capacity – most notably the Prime Minister's Strategy Unit, which provided capacity for cross-cutting policy analysis, and the Prime Minister's Delivery Unit (PMDU), which had become associated with a style of performance management that the Conservatives disliked. Public Service Agreements (PSAs) – a system of setting 'whole of government' priorities and goals for departments to work towards – were also scrapped. The PSA system had been revised in 2008 to encourage departments to work together on cross-cutting policy areas and to reduce the number of targets.[73] However, like the PMDU, PSAs appeared symbolic of the top-down approach to governing that Cameron had been so critical in opposition. In place of PSAs and the PMDU there was a crude system of departmental business plans, which paid no heed to collaborative working on closely related policy areas and did little to help with high-level prioritisation.[74]

While he reduced some central capacity, however, Cameron did strengthen other aspects of government's co-ordinating machinery, particularly through reinforcing aspects of the cabinet committee system. Most notably, he set up the National Security Council and developed it into a more powerful collaborative decision-making forum, bringing together the various departments with an interest in security issues.[75] The Cabinet Office's Economic and Domestic Affairs Secretariat is also seen to have gained a stronger reputation and relevance due to Cameron's more active use of the cabinet committee system.[76] And alongside these formal processes, Cameron has used the so-called 'Quad' extensively. These meetings of the prime minister, chancellor, deputy prime minister and chief

[71] Institute for Government, *Programme for Effective Government,* Institute for Government 2014, retrieved 24 February 2015, from: http://www.instituteforgovernment.org.uk/sites/default/files/publications/Programme%20for%20Government%20web_1.pdf

[72] Hallsworth, M., and Rutter, J., *Making Policy Better: Improving Whitehall's core business,* Institute for Government, 2011, retrieved 17 February 2015 from: http://www.instituteforgovernment.org.uk/sites/default/files/publications/Making%20Policy%20Better.pdf

[73] Gash, T., et al, *Performance Art: Enabling Better Management of Public Services,* Institute for Government 2008, at: http://www.instituteforgovernment.org.uk/publications/performance-art

[74] Stephen,J., et al, *See Through Whitehall: Departmental Business Plans One Year On,* Institute for Government 2011, at: http://www.instituteforgovernment.org.uk/sites/default/files/publications/See%20through%20Whitehall.pdf

[75] Devanny, J., and Harris, J., *The National Security Council: National security at the centre of government,* Institute for Government , retrieved 18 February 2015, from: http://www.instituteforgovernment.org.uk/sites/default/files/publications/NSC%20final%202.pdf

[76] Harris, J., and Rutter, J., *Centre Forward: Effective Support for the Prime Minister at the Centre of Government,* Institute for Government, 2014 retrieved 12 January 2014 from *http://www.instituteforgovernment.org.uk/sites/default/files/publications/Centre%20Forward%20-%20Final.pdf*

secretary have been a central mechanism for resolving debates within the government, including disagreements between coalition partners – and they are often supported by wider informal processes to settle disputes.[77]

Cameron has, like prime ministers before him, also seen value in other ways of bringing focus to and co-ordination around knotty problems which will not be solved by one department alone. For example, he has created a special unit for troubled families. It is based in the Department for Communities and Local Government but works across departments and is led by Louise Casey, an individual who has political nous and can often carry the support of the prime minister should cross-departmental conflicts arise.[78] Ministers with portfolios spanning more than one department have also been used frequently – indeed more extensively than in previous administrations. In the 13 years between 1997 and 2010, there were 31 ministers with portfolios spanning two or more departments.[79] In just five years between 2010 and 2015, 22 ministers have been given portfolios spanning two or more departments appointed.[80]

What's more, after initial misgivings, Cameron came to reinvent aspects of the central capacity he disbanded – though with a different style and emphasis – presumably recognising its usefulness. For example, he gradually developed a rather under-powered system for chasing progress into a more heavyweight 'Implementation Unit' tasked with ensuring priorities were being addressed. Prime ministers will always want and need to tailor the operations of Number 10 and the Cabinet Office to suit their priorities and personal styles – but this example demonstrates a wider point. There are a set of core functions that prime ministers usually find are essential to performing their roles effectively – even if they can take time to work out the exact configuration that works for them.[81]

Other aspects of setting direction and co-ordination at the centre have remained relatively unchanged under the Coalition. The Spending Review and Budget processes provide clear signals about priorities and accountability and have undergone only minor alterations in recent decades.[82] Processes for the performance management of permanent secretaries have been relatively informal for a long time – though there have been recent improvements in the clarity of permanent secretaries' objectives.[83] And systems of parliamentary accountability remain primarily departmental in their focus.[84]

The options for improving co-ordination or redirecting focus without changes to machinery of government are numerous and can vary significantly in their scope and ambition. Research on past UK and international experience shows that many factors affect a government's ability to focus and co-ordinate activities. The example political and civil service leaders set and whether or not they reward colleagues who behave strategically and collaboratively is particularly important. However, Institute research also points to the importance of a number of other factors relating to Whitehall's organisation and approach, including:

[77] *Ibid.*

[78] Ways of ensuring the success of special units such as this are discussed in Rutter, J., and Harris, J., *The Special Ones: How to make central government units work,* Institute for Government 2014, retrieved 18 February 2015 from :
http://www.instituteforgovernment.org.uk/sites/default/files/publications/CENTRAL%20UNITS%20FINAL.pdf

[79] IfG ministerial data analysis. We do not count ministers with a departmental and whip portfolio; with a departmental and regional portfolio; or with a portfolio relating to the Leaders of the Commons or Lords, as cross-departmental ministers for the purposes of this comparison. Note that in 2006-2007, Ruth Kelly was both SoS for CLG, and MoS for Women. As this predates the Government Equalities office, both posts were technically situated within the same department so we do not include this as a cross-departmental role.

[80] *Ibid. Note that in October 2013, Matthew Hancock was promoted from PUSS for Skills in BIS and DfE, to MoS for Skills in BIS and DFE. We do not include this as a separate role.*

[81] *Ibid.*

[82] Harris, J., and McCrae, J., Preparing for the Next Spending Review, Institute for Government, 2014, retrieved, 15 Feb 2015, from:
http://www.instituteforgovernment.org.uk/sites/default/files/publications/Spending%20review%20briefing%20note%20final.pdf

[83] Freeguard, G., *An objective view: Permanent Secretary Objectives, 2014-15,* Institute for Government, retrieved 15 February 2015 from:
http://www.instituteforgovernment.org.uk/blog/8617/an-objective-view-permanent-secretary-objectives-2014-15/

[84] White, H. *Parliamentary Scrutiny of Government,* Institute for Government 2015, retrieved 15 Feb 2015 from,
http://www.instituteforgovernment.org.uk/publications/parliamentary-scrutiny-government

1. **The way the Spending Review and budget processes are managed.** The Institute's views on the Spending Review are discussed at length in the 2014 publication *Preparing for the Next Spending Review.*[85]

2. **Whitehall's approach to performance management.** The Institute's views on performance management are found across a range of publications examining Labour's Public Service Agreements, 1998-2010, the Coalition's business planning processes, and research on permanent secretary accountability.[86]

3. **The organisation and approach of the capacity around the prime minister.** The Institute's views on this area are discussed at length in the 2014 publication *Centre Forward.*[87]

4. **Government's approach to civil service functions such as finance, legal, and digital.** The Institute's views here are captured in past work on functional leadership in Whitehall, as well as a forthcoming briefing note on the responsibilities of the centre of Whitehall.[88]

5. **Mechanisms designed specifically to encourage departments to work together, including cross-departmental goals, budgets and teams.** We have examined these mechanisms in various research projects, including our 2010 publication *Shaping Up* and our work on special units in government, *The Special Ones.*[89]

In each of these areas, detailed design choices can affect the degree to which departments focus on whole of government priorities, and work collectively to achieve them. However, our research clearly shows that the real value of effective joining-up mechanisms lies in their ability to foster new kinds of conversations and relationships between key players in government. These relationships cannot be over-engineered – effective problem-solving may sometimes come, at least in theory, from competition, conflict and even a little chaos at the margin.

It is worth reiterating that this paper does not examine the important question of how to drive more effective co-ordination and collaboration by decentralising central government responsibilities to the devolved nations and regions. And we touch only briefly on the related challenge of ensuring activities are co-ordinated across the different tiers of government in the UK. These topics are both partially addressed in our recent report *Governing in and Ever Looser Union.*[90]

Spending Review

Our work suggests a number of ways in which the Spending Review could be adapted to allow for a greater degree of long-term planning and collaboration. We argue that the Treasury needs to be much more active in ensuring that departments work together to develop joint plans for how savings will be made. This will require the Treasury to ensure departments identify areas where joint plans are strategically sensible and submit joint

[85] Harris, J., and McCrae, J., Preparing for the Next Spending Review, Institute for Government, 2014, retrieved, 15 Feb 2015, from: http://www.instituteforgovernment.org.uk/sites/default/files/publications/Spending%20review%20briefing%20note%20final.pdf

[86] See Gash, T., et al, *Performance Art,* Institute for Government 2008; McCrae, J., et al *Improving decision making in Whitehall: effective use of management information,* Institute for Government 2012, retrieved 23 February 2015 from: http://www.instituteforgovernment.org.uk/sites/default/files/publications/Improving%20decision%20making%20in%20Whitehall.pdf; Paun, A., and Harris, J., *Accountability at the Top: Supporting Effective Leadership in Whitehall,* Institute for Government 2013, retrieved 24 February 2015 from http://www.instituteforgovernment.org.uk/publications/accountability-top

[87] Harris, J., and Rutter, J., *Centre Forward: Effective Support for the Prime Minister at the Centre of Government,* Institute for Government, 2014 retrieved 12 January 2014 from *http://www.instituteforgovernment.org.uk/sites/default/files/publications/Centre%20Forward%20-%20Final.pdf*

[88] Bouchal, P., and McCrae, J., *Financial leadership for government ,* Institute for Government 2013, retrieved 24 February 2015 from http://www.instituteforgovernment.org.uk/publications/financial-leadership-government-0 ; Harris, J., et al*, Central Responsibilities in Whitehall*, Institute for Government, forthcoming

[89] Parker, S., Paun, A., McClory, J., and Blatchford, K., Shaping Up: A Whitehall for the Future, Institute for Government 2010, retrieved 24 February 2015 from: http://www.instituteforgovernment.org.uk/sites/default/files/shaping-up-a-whitehall-for-the-future.pdf ; Rutter, J., and Harris, J. , The Special Ones: How to make central government units work, Institute for Government 2014 retrieved 24 February 2015 from: http://www.instituteforgovernment.org.uk/sites/default/files/publications/CENTRAL%20UNITS%20FINAL.pdf

[90] Paun, A., and Munro, R., *Governing in an Ever Looser Union: How the four governments of the UK co-operate, negotiate and compete*, Institute for Government, 2015, retrieved 24 February 2015 from: http://www.instituteforgovernment.org.uk/sites/default/files/publications/Governing%20in%20an%20ever%20looser%20union%20-%20final.pdf

proposals. According to the NAO, there were only two joint submissions in the 2010 Spending Review – representing only 0.2 per cent of all controllable spending settled.[91]

The Treasury also needs to ensure that the 2015 Spending Review covers a longer time period. The transformative change that cross-departmental teams should be aiming for typically takes three to five years to design and implement, so the planning horizon needs to reflect this. Matching the spending period to the five year fixed-term parliament is an obvious way of doing this. Plans can always be adjusted sooner if economic and fiscal circumstances change.

The traditional four month period is likely to be insufficient to allow proper cross-departmental plans to be developed. Departments need some certainty about spending totals at the start of 2016/17, but areas where spend totals need to be guaranteed can be addressed early, for example as part of any immediate reallocations following the election, before finishing the full review later. Strategic decisions and joint plans need to be developed in more reasonable timeframes. Time will allow the Treasury to assess whether departments have the capability to deliver plans (which they don't do at the moment) and to seek input from organisations whose expertise might improve plans and judgements on them, such as the What Works centres and Major Projects Authority. It seems natural that tests of whether joint plans can be delivered should also assess whether governance arrangements are robust enough to survive the inevitable strains of implementation (see below).

Longer time periods should allow greater use of existing collective forums. For example the next Strategic Defence and Security Review and National Security Strategy could be developed without the rush which characterised their development in 2010 and involve the National Security Council in decision-making.

Our work with Whitehall departments indicates that the Civil Service believes it has gone as far as it can in cutting public spending within departmental silos without more innovative cross-departmental approaches being introduced.[92] As one interviewee put it: 'There's really nothing left to squeeze.' This means collaborating will be essential, not optional, in future.

Performance management

Taken together, the Institute's work provides a number of insights into how performance management can drive strategic focus and co-ordination – and conversely how it can act to accentuate non-collaborative behaviours. Research consistently shows that the areas that performance management regimes focus on matters, with strategic collaboration most likely to be stimulated by:

- **Focusing on outcomes and value:** a broad view of what individuals and organisations are trying to achieve allows those involved to focus on common goals. Considering value for money of current interventions (rather than costs) provides a route to identifying better ways of delivering results. Focusing on outcomes also ensures recognition that government alone cannot address many of the complex issues facing the country. Effective management can be helped by tracking the cost and number of inputs and outputs – but these should always be viewed in the wider context of the end results government is seeking.

- **Understanding systemic risks:** where multiple organisations contribute to outcomes, performance issues in one area can have a disproportionate impact on the overall system. For example, the underperformance or closure of an out of hours service for those with mental health problems might lead to significant increases in demands for other less cost effective forms of provision (such as emergency services responses or acute hospital support). Identifying systemic risks enables a different collective conversation and can help departments (and indeed other public sector organisations) recognise why they might want to support others, rather than simply protect their own services.

- **Connecting to politics:** unless the goals of a performance management regime are (and are seen to be) salient to the delivery of political priorities, they are unlikely to gain traction. Politicians such as Martin O'Malley, the former Governor of Maryland, have embraced performance management as a vital tool for

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[91] National Audit Office, Integration across government, National Audit Office, 2013, retrieved 18 February 2015, from: http://www.nao.org.uk/wp-content/uploads/2013/03/10091-001_Integration-across-government.pdf

[92] Page, J., Pearson, J., Jurgeit, B., and Kidson, M., Transforming Whitehall Departments, Institute for Government, p.44, 2012, retrieved 4 September 2014 from http://www.instituteforgovernment.org.uk/publications/transforming-whitehall-departments-2012

delivering on electoral promises and demonstrating results to the public.[93] However, even where there is less political focus on the processes of performance managements, politicians must recognise their own priorities within administrative arrangements.

Focusing on politically salient, long-term outcomes and systemic risks is necessary but not sufficient for ensuring an effective – and collaborative – approach to performance. Our research shows that there are a number of important enablers of more effective conversations and action, including:

- **Aligning individual incentives with organisational goals:** Individuals can rarely be held solely responsible for delivering outcome improvements but unless organisational goals connect to personal objectives and accountability they may swiftly lose relevance. In Whitehall terms, this means ensuring that cross-government goals cascade into departmental goals and permanent secretaries objectives.[94]
- **Developing shared management information:** The process of developing and discussing a shared evidence base to inform decisions is a vital part of building collaborative partnerships. Where this is absent and there is no agreed authoritative source of information, much time can be spent debating the facts rather than working together to solve problems. Benchmarking, activity-based costing and cost-benefit analyses can all support more informed performance assessment and decision-making.
- **Using hard and soft (contextual) information:** There has been a tendency for performance management systems in government to focus excessively on quantifiable data and exclude contextual information that can aid decision-making and accurate performance assessment. Focusing only on what can be measured is one reason why a number of performance regimes have been criticised – and then abolished rather than built on by new governments. Where collaboration is particularly important to success, individual and organisational performance assessments can be usefully informed by judgements of those working in partner organisations, for example.
- **Avoiding a 'top-down' view:** Focusing on outcomes and using the full range of information to judge performance should mitigate the risks of hitting targets but missing the point. It is important however for those designing performance regimes to recognise that those managing organisations do not always know best – and to find ways of ensuring regular feedback from service users and beneficiaries. Demonstrating relevance to citizens and service users – and being transparent with the public about performance – help reinforce the political salience and relevance of performance management.

Our research has noted that while there is good evidence to guide what a more effective approach to government performance management might look like, there are often limited pressures for change in the UK system. Political demand is a vital catalyst but there is also a need for civil service leadership on this agenda. Clarifying responsibilities for performance management is therefore important. We argue that cross-Whitehall performance management is a core responsibility of the cabinet secretary but that finance directors (empowered by the new director-general of finance in the Treasury) should be responsible for supporting performance management by developing effective management information. Non-executive directors with business backgrounds should support these processes by articulating the value they have derived from their use of effective performance management (and management information) in the private sector – persuading both ministers and civil servants of its value.

Capacity around the prime minister

The Institute's research recognises that the style and priorities of prime ministers will vary and that it is inevitable that the approach and organisation of Number 10 and the wider political centre will need to flex accordingly.

[93] Freeguard, G., and Gold, J., *Data-Driven Delivery: Lessons from the O'Malley Administration of Maryland*, Institute for Government 2015, retrieved 24 February 2015 from: http://www.instituteforgovernment.org.uk/publications/data-driven-delivery-lessons-o%E2%80%99malley-administration-maryland#sthash.C4AU9WJ3.dpuf

[94] A related point is the importance of integrating different performance management systems across government. Government suffered from a proliferation of different systems for assessing different aspects of performance in the late 2000s. The simultaneous existence of capability reviews focused on capability, public service agreements (PSAs) focused on performance against priority outcomes and output goals, Departmental Strategic Objectives focused on ministerial priorities and departmental business plans which included financial plans but often disconnected from wider performance goals made it difficult to generate – and have discussions about – overall assessments of departmental performance.

However, it is clear that there are some capacities that any prime minister will find valuable for directing and co-ordinating activity across government – and any cabinet secretary should offer to an incoming or returning government.

Prime ministerial and cabinet decision-making can swiftly migrate to 'fixing' mode – with the prime minister finding workable compromises to cross-departmental conflict. This approach to co-ordination is known in the academic literature as 'negative co-ordination' and can swiftly overwhelm a prime minister's time and attention.[95] Using civil service support effectively and pushing disagreements back to secretaries of state insisting they develop the best possible compromises can reduce the burden on a prime minister and improve decisions. But prime ministers also need to use alternative tools to generate what academics term 'positive co-ordination', which involves collective decision-making and the bringing together of different interests and expertise to generate the best possible solution for all.

Cameron's National Security Council and Gordon Brown's National Economic Council provide important examples of how cross-departmental working can be supported. The ingredients of success here are high calibre secretariat support and clear prime ministerial interest and leadership. Where the latter wane, these forums – unsurprisingly perhaps – tend to lose their influence.

Central policy and strategy development capacity can also help overcome departmentalism and provide a fresh view on problems. Again, however, success is not guaranteed. Central units have tended to work best when:

- they have effective support from the prime minister – or at least those around him
- they have credible and expert leadership
- they can manage their own recruitment to bring a mix of civil service insiders and outsiders with different perspectives, skills or relationships
- they have a clear strategy for working with departments – and work collaboratively with departments to build support and buy-in for decisions and their implementation.

These lessons are borne out in the successes and failings of the various incarnations of the Prime Minister's Strategy Unit in the 90s and 2000s, in the rise and fall of the Central Policy Review Staff (1971-1983), and the experience of other central units such as the Social Exclusion Unit.[96]

Managing specialist skills and capabilities across departments

We argue elsewhere that the use and development of specialist skills should not be left entirely to departments. Deploying the best specialist talent to government's top priorities and taking a cross-Whitehall approach to developing these skills and making specialists more influential in decision-making can dramatically improve Whitehall's efficiency and effectiveness. Our forthcoming report on this topic highlights Whitehall's progress in this area but also warns that it will only continue if the central functions and leaders are clear that their role is to support improvements in departments and connect to political priorities.

Cross-departmental co-ordination mechanisms

Centrally managed processes for driving co-ordination are not the only option. Our research has looked at a wider range of mechanisms for joining up across government which the centre has a role in enabling – but which can be driven by departments who see that working together is in their mutual interests and is the right thing to do. Recent decades have seen UK and international experimentation involving:

- cross-departmental ministers
- cross-departmental objectives
- cross-departmental teams and joint units
- joint or pooled budgets.

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[95] Scharpf, F., 'Games Real Actors Could Play. Positive and Negative Coordination in Embedded Negotiations', *Journal of Theoretical Politics*, 1994. There are challenges for Whitehall departments in co-ordinating various organisations they oversee in some way (vertical co-ordination) but in this note we focus largely horizontal co-ordination.

[96] Rutter, J., and Harris, J., *The Special Ones: How to make central government units work,* Institute for Government 2014, retrieved 18 February 2015 from : http://www.instituteforgovernment.org.uk/sites/default/files/publications/CENTRAL%20UNITS%20FINAL.pdf

There are cases where each of these mechanisms has proved helpful – but none of them alone guarantees success. Many of the greatest successes involve a combination of these mechanisms. The examples of justice sector collaboration in New Zealand (below), and the creation of a joint budget aiming to help various UK justice agencies reduce times between arrest and sentencing in the 2000s are two relevant examples. The Cities and Local Growth Unit provides an interesting example of an approach that blends different mechanisms, though it is yet to be evaluated. The Unit reports to Greg Clarke, Minister of State for Universities, Science and Cities who attends Cabinet (but cannot vote) and is the home to staff from three separate departments – BIS, CO, and DCLG. The Unit has a clear mandate to support local growth initiatives as well as its own budget. It also has effective ownership of designated budgets ringfenced by the Department of Transport for use in support of local growth initiatives. Our past research suggest that these more holistic approaches to joining up are likely to be more successful than use of a single mechanism.

Figure 4: Justice sector collaboration in New Zealand

New Zealand has developed the concept of the 'criminal justice pipeline'. This covers: identifying the causes of crime and working to prevent it; investigation and resolution; court processes; and then sentencing and rehabilitation.[97] In 2012, the previously separate six agency budgets were pooled as the 'Justice Sector Fund', which allows money saved in one justice sector agency to be used by another, rather than clawed back by the Treasury as an underspend. The sector is led by a board of the agency chief executives who share accountability (including a sizeable amount of at-risk performance pay) for delivering ambitious targets, such as a 25% drop in re-offending by 2017. This incentive, combined with structural changes to allow savings to pay for investment in different parts of the sector, demonstrates the kind of transformative approach the UK Treasury could explore facilitating. This is in the context of a set of agreed government priorities: the 'Better Public Services' programme. This aligns the accountability of both ministers and department heads with achieving the results, and places significant emphasis on joint working between agencies.[98]

While more powerful in combination, individual mechanisms can be incrementally helpful – or designed in ways which virtually guarantee they will not disrupt traditional departmentally-focused ways of working. When it comes to joint ministers, some bi-departmental ministers effectively hold two separate part-time jobs rather than a single cross-cutting portfolio. Our research suggests that this has limited benefits in terms of driving collaboration and co-ordination – and can simply create logistical problems.[99] Other cross-departmental ministers, however, are genuine 'ministers sans frontieres' with complementary or overlapping portfolios from two or more departments. These ministers are usually created with a clear expectation that they will co-ordinate policy and manage trade-offs across the boundaries but their success is seen as highly variable. A problem cross-cutting ministers can face, especially if they are relatively junior, is that they may have insufficient authority in one or more of the departments they need to influence. This can again be mitigated by the creation of a shared delivery agency, which the minister oversees, while reporting upwards to the two parent departments – and by designated pooled budgets.

Cross-departmental units present an opportunity to mould a new institution that transcends the different departmental cultures, and is jointly owned by all the departments involved. However, research shows that these shared units must create their own identity and avoid becoming captured by one or other department, as this will undermine their credibility when dealing with ministers and officials elsewhere. They must also find ways of overcoming the tiresome practical barriers. Having staff on different pay scales, performance systems and so on makes management and financial planning 'a real pain', according to those involved in their creation – and there are few central resources to support cross-departmental units in their start-up phase.[100]

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[97] New Zealand Ministry of Justice, Criminal Justice Pipeline, NZ Ministry of Justice website, retrieved 4 September 2014 from http://www.justice.govt.nz/justice-sector/images/Criminal%20justice%20pipeline.jpg/view

[98] State Services Commission, Better Public Services, State Services Commission website, 2014, retrieved 4 September 2014 from http://www.ssc.govt.nz/better-public-services

[99] Parker et al, *Shaping Up,* Institute for Government, 2010, retrieved 18 February 2015, from: http://www.instituteforgovernment.org.uk/sites/default/files/shaping-up-a-whitehall-for-the-future.pdf

[100] Parker et al, *Shaping Up,* Institute for Government, 2010, p. 88. retrieved 18 February 2015 from: http://www.instituteforgovernment.org.uk/sites/default/files/shaping-up-a-whitehall-for-the-future.pdf

There is a wealth of experience in the design of pooled budgets – and a wide range of approaches to choose from. Often there are trade-offs involved. For example, one approach is to hold pots of ringfenced money at the centre, with a central unit, named accounting officer and minister directly accountable for use of the money. For instance, in the early days of the Blair government a pool of £179m was set aside for the Rough Sleepers Initiative over three years.[101] This model bypasses departments but as a result can reduce departmental buy-in and support and can still run into barriers at the local level, between partners who may report upwards to different departments that have little stake in the scheme. This approach may also lose out on the expertise that departments bring to bear on their policy areas, and from not mainstreaming the results of innovative projects.

Alternatively, funds can be pooled across the departmental interface. One example is the Pooled Treatment Budget, which we have examined in detail in past work.[102] This combined money from the Department of Health (DH) and Ministry of Justice for drugs funding, while an additional Home Office budget line was aligned to this objective. In this case, a separate National Treatment Agency oversaw the budgets and was held to account accordingly, although most of the money formally remained within DH. Other examples of cross-departmental pools include the Conflict Prevention Pool between DfID, MoD and the FCO, again examined in wider Institute work.[103] These approaches are more likely to drive genuine cross-departmental collaboration, but can equally be harder to get off the ground as a result. Again, we can see that detailed design choices matter – and clear goals and credible leadership are necessary to make progress.

Institute research also repeatedly shows that adapting standard departmental working practices can dramatically improve effective co-ordination. The Institute has long argued for more open and inclusive processes for policymaking, for example – highlighting that it generates a wider range of possible solutions, builds collective buy in within and outside government, and paves the way for implementation.[104] Likewise, effective implementation requires ongoing reference to the experience and views of a wide range of bodies affected by changes.[105] Personal connections and sources of intelligence can help ministers and officials here but there are also examples where greater interchange between organisations that need to collaborate can help.

Many also point to the benefits of geographical proximity for building networks that promote collaboration – citing examples such as the New Zealand approach of ensuring ministers operate out of the same building (the so-called 'Beehive') rather than being physically located in geographically dispersed departments. Again, there are trade-offs here. Co-location of ministers, for example, might distance ministers from the advice and support of the Civil Service. And the benefits of secondments and staff interchange need to be considered against the benefits of stability in key civil service jobs. There are therefore few 'right' answers regarding which networks and connections to invest in to promote collaboration – and the best approach might simply to remain aware of trade-offs and balance competing needs as effectively as possible.

At this point, we should reiterate that all of these mechanisms and approaches need to be focused on achieving changes in the way citizens experience services and policy interventions. And we should restate too that joining up in Whitehall is only one way of driving more effective, co-ordinated interventions. Many have argued, for example, that it is easier to co-ordinate services by decentralising central government responsibilities to the nations, regions and more local tiers of government. We do not focus on how to drive local co-ordination here – but note that a consistent finding in studies of local collaboration is that silod central government practices can stifle attempts to join-up locally, so we suggest that central co-ordination should complement and support decentralisation and local

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[101] *Ibid.*

[102] Parker et al, *Shaping Up,* Institute for Government, 2010, Appendix 3.4, retrieved 18 February 2015 from: http://www.instituteforgovernment.org.uk/sites/default/files/shaping-up-a-whitehall-for-the-future.pdf

[103] Parker et al, *Shaping Up,* Institute for Government, 2010, Appendix 3.8, retrieved 18 February 2015 from: http://www.instituteforgovernment.org.uk/sites/default/files/shaping-up-a-whitehall-for-the-future.pdf

[104] Hallsworth, M., *System Stewardship,* Institute for Government 2011, retrieved 25 February 2015 from http://www.instituteforgovernment.org.uk/sites/default/files/publications/System%20Stewardship.pdf

[105] Norris, E., et al, *Doing them Justice: Lessons from four case studies of policy implementation,* Institute for Government 2014, retrieved 20 February 2015 from: *http://www.instituteforgovernment.org.uk/sites/default/files/publications/Policy%20Implementation%20case%20studies%20report%20-%20final.pdf*

efforts. We also touch only briefly on the important challenge of ensuring activities are co-ordinated across the different tiers of government in the UK. These topics are both addressed in our recent report *Governing After the Referendum.*

Figure 5: Should we consider a more radical model?

A number of commentators have recommended radical structural reforms that would entail a fundamental change to the nature of UK government. Broadly, there are two 'radical' options proposed: first, a radical reduction in the number of departments (effectively a renewed call for the 'super-ministries' advocated by Wilson and Heath in the 1960s); and, second, a complete move away from the departmental model. This latter idea has drawn inspiration from administrations such as Scotland. There, cabinet ministers oversee portfolios rather than departments and the former Permanent Secretary to the Scottish Government, Sir John Elvidge, describes the system as 'an explicit rejection of departmentalism as a basis for effective government and involves the abolition of a departmental structure within the Scottish Government'.[106]

The experience of attempting to create super-ministries under Wilson and Heath and later departments with broad portfolios such as the Department for Environment, Transport and the Regions does not augur well for those hoping super-ministries might provide a solution to Whitehall's perennial co-ordination problems. They are attractive to those who want to reduce the size of the cabinet – but this inevitably creates its own challenges in terms of party management. There are also other ways to support smaller and more streamlined decision-making – as the Coalition has demonstrated through its use of the 'Quad'. All governments have their so-called 'kitchen cabinets' and there may be other ways of formalising these structures too, if desired. In reality, big changes often simply amplify the difficulties highlighted in much of this paper. They usually impose considerably greater costs and disruption, with no guarantee of accompanying benefits to offset distractions.

The so-called Scottish model is more interesting. However, it is clear that Scotland's approach is not simply a product of structures. As John Elvidge, who was formerly Scotland's leading civil servant explains, 'the Public Finance and Accountability (Scotland) Act 2000, sowed the seeds of a different approach. It provided, in section 14, that Civil Service financial accountability to the Scottish Parliament should come together in one post: the Permanent Secretary was made the Principal Accountable Officer for the entirety of the financial resources available to the Scottish Government.'[107] However, he continues that 'Between 1999 and 2007, this change made little practical difference to the conduct of devolved government.' The then coalition partners in Scotland emphasised their autonomy over different briefs. Only from 2007, did 'separate but convergent' developments in the approach of the Scottish National Party (SNP) and the Civil Service come together to produce a different approach. Political shifts included the SNP's shift to an outcome based approach to framing government's objectives; a commitment to transparency of performance to the electorate; and a preference for a smaller cabinet and more collective decision-making. The more collective approach of the Scottish Civil Service, meanwhile, may be partly due to the way the Scottish Office operated before many of its functions were devolved.

The Scottish case highlights the importance of context. Important wider considerations here include other obvious facts. The Scottish government operates across a smaller span of government functions – many functions being managed by Whitehall on a cross-UK basis (at least for now). Scottish government also operates at a smaller scale, serving five million people compared to England's 53 million and the UK's 63 million, according to the 2011 census. There are also 129 members of the Scottish Parliament, compared to a (rather high by international standards) 650 MPs in Westminster.

These differences mean that the shift away from UK conventions of ministerial responsibility for functions and departments needs careful assessment – and we would again warn against the presumption that structural or formal changes to secretary of state roles will alone be sufficient to drive desired changes in behaviour. Detailed assessment and consultation is needed before implementing this approach but it is certainly worth investigating which aspects of the Scottish model might be valuable in the UK context.

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[106] Elvidge, J., *Northern Exposure,* Institute for Government, 2013, retrieved 18 February 2015 from: http://www.instituteforgovernment.org.uk/sites/default/files/publications/Northern%20Exposure.pdf

[107] *Ibid.*

Recommendations

The overall lesson from reforms to Whitehall's top-level structures appears to be that success is possible but only when changes are well planned and properly implemented and there is a strong operational rationale for the changes.[108] Given the costs and risks involved in structural change, however, there is an urgent need for a more considered approach to structural reform – one in which those proposing change must demonstrate the business case and be held accountable for the effectiveness of changes after the fact. We have seen too that there are many alternatives to departmental restructuring, which are as effective at stimulating shifts in Whitehall's focus and collaboration. These mechanisms taken together offer routes for overcoming some of Whitehall's recurring difficulties in managing issues that do not sit neatly within traditional organisational boundaries.

We make four main recommendations which, if adopted, could lead to a more considered approach to government restructuring and accelerate much-needed improvements in Whitehall's ability to prioritise and co-ordinate its activities effectively:

1. **The prime minister should only pursue restructuring after extensive discussions and following production of a business case assessing:**
    a. **the operational rationale for change.** No changes should be undertaken primarily for political signalling or party management purposes.
    b. **costs and benefits.** Even if decisions are made quickly, it is possible to assess major costs such as possible salary equalisation and IT costs. A credible cost estimate for departmental restructuring is likely to be in excess of £10m.
    c. **alternatives to structural change.** There are non-structural remedies to many problems.
    d. **implementation issues.** It is necessary to consult with those who have led changes previously – and then employ these individuals to lead implementation, wherever possible.

A good starting point for developing a business plan can be found in historic Cabinet Office guidance on MoG changes.[109] There is a case for updating this guidance to capture more recent evidence and issues captured in this report and other work, such as that undertaken by the NAO and PASC.

In practice, it will take at least four weeks for any government to assess and prepare for significant departmental changes. Parties should therefore not implement any changes in May 2015 that they have not announced by early April.

2. **Both government and opposition parties should promote more considered decision-making in future restructuring:**
    a. **government should publish and lay before Parliament the full business case** (above), ideally before or when transfer of functions orders are laid. One option for this would be to require that the Explanatory Memorandum (which has to accompany all SIs) must include the full business case. Currently only an 'explanatory document' is published, which makes it hard to assess proposals and for select committees and the National Audit Office to judge their effectiveness retrospectively.
    b. **government should allow time for relevant select committees – and/or the Public Administration Select Committee – to scrutinise changes.** Scrutiny could take place in joint hearings where multiple departments are affected. The Liaison Committee should encourage departmental committees to take seriously the task of scrutinising major machinery of government

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[108] White, A., and Dunleavy, P., *Making and Breaking Whitehall Departments,* Institute for Government, 2010, retrieved 05 January 2015 from http://www.instituteforgovernment.org.uk/sites/default/files/publications/making_and_breaking_whitehall_departments.pdf

[109] Cabinet Office, *Machinery of government changes Best practice handbook,* date unkown, retrieved 25 Feburary 2015 from: http://webarchive.nationalarchives.gov.uk/20101201150033/www.cabinetoffice.gov.uk/media/332838/mog-handbook.pdf

change, and might consider incorporating this function into the list of core tasks for committees.[110] Select committee evidence and reports can inform subsequent parliamentary votes (below).

    c. **government should allow time for a parliamentary debate and vote on substantial changes.** Votes on Transfer of Functions Orders currently occur only in exceptional circumstances because they are subject to 'negative' resolution procedure (although the dissolution of a government department is subject to 'affirmative' resolution procedure). Our preference would be for the government to commit to allow Parliament an opportunity to affirm its support for any proposed significant change explicitly, following a debate on a substantive motion. Where changes are small and/or select committee scrutiny does not highlight any issues, a debate and vote would not be necessary. An alternative approach would be for the Ministers of the Crown Act to be amended to make all Transfer of Functions Orders subject to 'affirmative' procedure. However, in most cases this would only allow a debate in a committee on an unamendable motion, and it is very rare for instruments subject to affirmative resolution procedure not to be approved.

3. **The cabinet secretary should develop specific capabilities at the centre to advise on structural change and governance:** There is an urgent need for specialist capacity that can advise the prime minister and secretaries of state on the costs and benefits of structural reforms; support the development of detailed business cases; and capture the lessons from recent and future changes. This resource is needed not just for departmental restructurings for widespread structural reforms within departments and in the disparate landscape of government arm's-length bodies. Previous attempts to create a capacity to advise on and support machinery of government change have failed to endure partly because demand for support was low – and building genuine expertise and providing support to a broader range of government restructurings should help to mitigate this risk. The roles, responsibilities and funding models for central capacity will need to be defined with care – but a logical model would likely see a small core team but one that is knowledgeable about who across Whitehall and beyond should be consulted about or lead specific changes.

4. **The next government should strengthen Whitehall's capacity to collaborate and maintain focus on long-term priorities by:**
    a. **reforming spending review processes.** The 2015 spending review must incentivise collaboration and allow cross-departmental teams time to develop service transformation plans.[111]
    b. **reinvigorating cross-Whitehall performance management.** An incoming government must be clear on the outcomes it wants to improve most and the cabinet secretary (supported by the finance profession) must develop a performance management regime that is taken seriously across Whitehall and drives strategic focus and collaboration, not departmentalism.
    c. **using cross-departmental goals, budgets and teams.** In areas where cross-departmental collaboration is particularly important (and absent), the prime minister should deploy joint ministers, and use share goals, pooled budgets and joint teams in combination to support the design and implementation of new, more integrated service models.
    d. **developing and deploying specialist skills and capabilities on a more cross-departmental basis**. We set out ways of developing finance, digital and other capabilities in our forthcoming report on the responsibilities of the central civil service leadership.[112]
    e. **building capacity around the prime minister.** This should be done in the ways we set out in our recent report *Centre Forward.*[113] Whoever is elected in 2015 is advised to retain and build on

[110] See 'Select committees' role and core tasks', section 20' in *Select committee effectiveness, resources and powers - Liaison Committee,* Parliament, 2012, retrieved 25 February 2012 from http://www.publications.parliament.uk/pa/cm201213/cmselect/cmliaisn/697/69705.htm

[111] Harris, J., and McCrae, J., Preparing for the Next Spending Review, Institute for Government, 2014, retrieved, 15 Feb 2015, from: http://www.instituteforgovernment.org.uk/sites/default/files/publications/Spending%20review%20briefing%20note%20final.pdf

[112] Harris, J., et al, *Central Responsibilities in Whitehall*, Institute for Government, forthcoming

[113] Harris, J., and Rutter, J., *Centre Forward: Effective Support for the Prime Minister at the Centre of Government,* Institute for Government 2014, retrieved 10 Feb 2015

existing capacity, rather than starting from scratch and relearning painful lessons about what works and what doesn't.

Insights into how to approach improvements in these areas can be found in the main body of this report but also in wider Institute for Government publications.

It is tempting to say that it is unrealistic to demand this more considered approach to organising top-level structures in Whitehall. Signalling and party management considerations will always be important to prime ministers. And current and potential secretaries of state and permanent secretaries have become used to operating fairly autonomously.

However, we would argue that the traditional approach to Whitehall restructuring leads – more often than not – to considerable waste of taxpayers' money and might even harm a government's electoral prospects in the longer term. There is no evidence the public are enamoured of structural reforms and they often cause disruption which in effect undermines government's ability to deliver on its manifesto commitments.

We also argue that there are other, better ways of stimulating the focus and cross-departmental working that are urgently needed to tackle the complex challenges facing the country. An incoming prime minister should concentrate on addressing Whitehall's longer-term weaknesses in these areas and not undertake hasty restructuring which, if not properly thought through, will cause as many – or more – problems than they solve.

Annex 1: Machinery of government changes since 2010

Renaming

July 2010	Department for Children, Schools and Families (DCSF) becomes Department for Education (DfE)
July 2010	Office for the Third Sector becomes Office for Civil Society (remaining within CO)

Transfer and absorption of agencies/ units/ departments

Date	Agency/ unit/ department	From	To
July 2010	Office of Government Commerce (independent office) and Buying Solutions (executive agency of OGC) become first components of the Efficiency and Reform Group within the Cabinet Office.	HMT	CO
April 2011	National Fraud Agency	AGO	HO
April 2011	National School for government (closed March 2012)	n-MD	CO
July 2011	HM Land Registry	MoJ	BIS
July 2011	The Met Office	MoD	BIS
July 2011	Ordnance Survey	DCLG	BIS
April 2011	Government Equalities Office	Ind.	HO
September 2012	Government Equalities Office	HO	DCMS

Transfer of policy areas/functions

Date	Agency/ unit/ department	From	To
July 2010	Directgov	DWP	CO
July 2010	Political and constitutional reform	MoJ	CO (DPM)
July 2010	Nutrition policy	FSA	DH
July 2010	Food labelling and food composition policy (not related to safety)	FSA	DEFRA
July 2010	Responsibility for Licensing Act 2003 (except in relation to entertainment)	DCMS	HO
	Responsibility for Olympics moves from dedicated CO Minister to Minister for Culture, Olympics, Media and Sport (although Olympics Executive was already in DCMS)	CO	DCMS
January 2011	Responsibility for all competition and policy issues relating to media, broadcasting, digital and telecoms sectors	BIS	DCMS
March 2014	Energy-using products policy	DEFRA	DECC
April 2011	Galileo programme	DfT	BIS
April 2011	Global monitoring for environment and security programme	DEFRA	BIS
April 2014	Responsibility for the CANparent trial and associated market development contract	DfE	DH
July 2013	Youth policy	DfE	CO
Sept 2014	Relationship support	DfE	DWP
Jan 2013	The management of the Government's stake in the uranium enrichment company URENCO.	DECC	BIS
April 2011	Responsibility for issuing British passports overseas	FCO	HO

Source: Hansard

Note. For information on restructuring of agencies and public bodies within departments, please see Pearson, J., et al. Out of the Ashes, Institute for Government, forthcoming.

Further reading

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