

Ministers reflect

Vince Cable

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Vince Cable

Biographical details

Electoral History

1997-2010: Member of Parliament for Twickenham

Parliamentary Career

2010-2015: Secretary of State for Business, Innovation and Skills

2003-2010: Shadow Chancellor

Vince Cable was interviewed by Jen Gold and Peter Riddell on 7th July 2015 for the Institute for Government's Ministers Reflect Project

Peter Riddell (PR): Looking back to when you first started as a minister, what was the experience of coming into government like?

Vince Cable (VC): Well in my case it wasn't completely virginal or whatever the expression is. I had been John Smith's special adviser. This was 30 years before but nonetheless I'd been in the same office and I knew roughly the way the system worked.

I'd also been a senior civil servant, albeit in the somewhat different, rarefied atmosphere at the Foreign Office. I was the Head of Section there. So I knew civil service protocols and all that stuff. So I'd had some experience of government, albeit rather ancient, and I'd been in Parliament for, by that point, for about 13 years. I knew my brief pretty well. I probably knew the subject matter better than a lot of my civil servants. So in a way I probably won't be typical of a lot of the people you're talking to.

PR: What about things like preparation? When you arrived, how did the department greet you? Not in the formal sense, but was there any kind of induction process or explanation about how the department worked?

VC: Not really. No. Not in any formal way. I was very heavily reliant – and it is inevitable all ministers will tell you this – on the private office and the Principal Private Secretary in particular, who was by far the most important civil servant I had to deal with. On day one they sat down and said, 'He deals with this, she deals with that and we will look after you'. That was the general message and generally they did. And when I functioned most effectively, it was when I had an exceedingly good private office and my second Private Secretary, who was a woman I poached from the Treasury, was outstanding. She was brilliant and really helped me a lot. So I was dependent on the private office.

There were various things organised that were designed to make you feel at home and they succeeded. I think within an hour or so I was taken out to speak to all the staff on the pavement of 1 Victoria Street. There must have been 300 or more people there and David Cameron turned up – it was the first and last time he appeared in my department [laughter]. And then a few days later I was taken to Westminster Central Hall, the big august place, and there were thousands of people because BIS [the Department of Business, Innovation and Skills] is a very big department. And I was asked to speak to them and tell them what I wanted to do and so on. So they had thought a bit about making me feel at home and engaged. I think the civil servants were generally quite excited about the Coalition and what was happening and were enthusiastic. So that was the positive stuff. I think the mood now is different.

I think the negative stuff was that when we started getting into heavy water a few weeks after the Government was formed, notably around the Emergency Budget which was as far as I remember they obviously hadn't given any thought at all to how you approach this in a systematic way. Government had never had to deal with cuts in quite that way before. So I was faced with making decisions on things and places I had never heard of, and had absolutely no understanding of the arcane public accounting concepts that they used: DEL [Departmental Expenditure Limits] and RDEL [Resource DEL] and CDEL [Capital DEL]. They trip off the tongue now, but [I] was actually very badly prepared for that round and that's partly why we got into trouble over things like Sheffield Forgemasters. The way that the machine handled that exercise was rather unprofessional.

But gradually I learnt my way around the system and a critical factor was the appointment of special advisers. I was a bit sceptical of special advisers at first. I think having been in government they are absolutely essential, acting as a kind of interface with the political parties and with other government departments and your political opposite numbers. Initially I had a very good economic special adviser called Giles Wilkes who has subsequently gone to the Financial Times.

PR: We've seen him here quite a bit.

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VC: Yes, he was great. He was totally non-political but he understood economic policy. And later – I had slightly mixed feelings about my first media special adviser – but I subsequently got a lady called Emily Walch who in my last three years was absolutely brilliant and knew exactly how to deal with the civil servants and media and so on.

PR: Were there any surprises? You mentioned what happened with the Emergency Budget. Were there any surprises, even though it was an area that you knew well and had thought about a lot?

VC: Well I think what surprised me was the sheer complexity of the subject matter. It was partly a function of the department. When you actually look at what BIS does, there are about 15 totally separate areas of policy and many of these are exceedingly complex. The financing of higher education is something you can spend a lifetime studying. And then you've got the Insolvency Service. You've got everything to do the minimum wage and labour law. You've got everything to do with industrial policy and each of those has a separate industry which has its own language and its own people. So I think the surprise in a way was the sheer magnitude and complexity of what I was having to deal with.

I'm quite good at delegating. I worked pretty well with the Tory ministers in agreeing they should have their own little empires and so on but obviously at the end of the day I had to understand the subjects that I was responsible for and it took a long time. For things like university finance, one of the reasons I think we got into so much trouble over tuition fees was the mind-boggling complexity of the subject. And it's a bit like the Schleswig-Holstein question: somebody was dead who understood it and David Willetts I think sort of understood it and I gradually understood it but by then we'd already made the key decisions which were probably wrong. So I think the complexity and massive nature of the material we were dealing with came as a surprise.

PR: Does that argue for a greater pause after an election? Should Cabinet ministers have the space to pause before making decisions? Do you feel you were rushed into decisions?

VC: Well, we were, but I can understand the rationale. The legitimacy of the Coalition rested on the fact that there was a sense of an emergency. We were dealing with an economic emergency. You have to do difficult things and you have to show action. So I don't think in a sense that we had any choice but to move quickly. But I've always felt that the university issue, if we had had another year to work on it, we could have solved a lot of the political problems around it, but we were rushed into that. It was a classic case of First World War train timetables.

You'd be surprised by this: the one factor which above all determined how we dealt with that issue was the publishing timetable for university prospectuses. That is what set the timescale we had to operate within and it was hopelessly short. So we were rushed into things that we should not have done actually. But that apart, I think in terms of the big decisions of the Government and having to deal with the Spending Review, that was part of the logic of the economic policy of the Coalition.

Jen Gold (JG): And you touched on delegation there. I just wondered how you organised your ministerial team. You had a particularly complex one because there were so many joint ministers...

VC: Well there were later. Initially there weren't many joint ministers.

JG: But in terms of delegating, how did you go about deciding what their portfolios were as opposed to what you would oversee?

VC: Yes, I wanted to make sure I understood everything but there were certain things I concentrated on. Initially David Willetts was obviously universities and science. It's a job he was dying to do so that was fine. He was a bit miffed he wasn't secretary of state but he was a lovely guy and we didn't have a problem with that. And the other ministers, I just called them in, having agreed with the civil servants what would be a sensible division. The only portfolio issue of any trickiness was that I had a second Lib

Dem minister who was Ed Davey and I wanted to make sure that he had responsibility for some of the trickier, if you like more ideological, issues around labour relations, the Post Office, Royal Mail ultimately. But yes, the Tory ministers I didn't have a problem with them.

So initially it was fine. We started to have a bit more of a problem when Cameron realised I was running the department very much in my own way and he wanted to bring in people who he thought would keep a closer eye on me. So he brought in Michael Fallon and [Matthew] Hancock. That was after two years, two and a half years. And that was a bit trickier because they obviously came with a political agenda. But in fact we got on pretty well. The private secretaries agreed on what was sensible and gave me appropriate advice. I got on perfectly well with both of them as it happens, but initially there was a bit of frisson around that. One thing which had long-term significance was that Michael Fallon was desperate to do a privatisation. So he wanted responsibility for the Royal Mail privatisation and the mechanics of it. I had slight misgivings which were subsequently borne out. But that was the only argument we ever had over ministerial allocations that was at all problematic.

PR: What about the revamping of Non-Executive Directors and Boards? Did that make a difference?

VC: Well initially I think I didn't take it very seriously because it just involved bringing in two or three people; a couple of them were obviously mates of the Permanent Secretary. I didn't get a strong sense at first that this was going to make any difference and I think they'd picked up that I wasn't really engaged with it. After the first two to three meetings, I took the view that I wanted to be more active and I got in some new people who I felt more comfortable with. So yes, towards the end, the Board became a very important and active part of the governance of the Department. But initially it wasn't and it was highly experimental. I don't know if you're referring to this but there was a totally separate exercise where Cabinet ministers and ministers of state were made responsible for relationship management with individual Cabinet ministers.

PR: I wasn't.

VC: We'll leave that until later.

PR: No, no. We can do that now. Go ahead.

VC: It was an experiment which I think was well-intentioned but it didn't really work. I think mainly because the companies didn't totally see what they were getting out of it; BP and Shell came to me and I got on perfectly well with them, I was interested in the industry. But at the end though I wasn't the Energy Secretary, so it was a bit of a PR exercise. Where it really worked well were for foreign companies who weren't totally secure in the UK. I had a very, very good relationship with Ratan Tata [Chairman of Tata Group, 1991-2012] and his management team; and actually in a quiet way I think one of the things I did do was to help keep them investing in the UK. For whatever reason they'd fallen out badly with Peter Mandelson and they'd made all kind of accusations against him which I wouldn't repeat, but they were definitely shaky when I came into the department. But having a minister who knew something about India and cared about them and lavished a lot of attention on them made a big difference I think.

JG: And just thinking about the day-to-day reality of being a minister, a secretary of state, how did you spend most of your time?

VC: Well it's very hard work. It's by far the most difficult job I've ever had to do intellectually or physically. I'd normally go 15 hours a day. So that's the first and obvious thing. How did I organise my day? Well I was quite good at delegating and I discovered I was actually very good at making decisions. I didn't use the boxes, I'd have my red bag that I'd take home on the train. But I think, without exception, I would clear it in the evening. So decisions were made quickly and the civil servants liked that and they contrasted it favourably with what was happening elsewhere in government.

In terms of how I spent my day, typically, you'd have six or seven meetings one after the other. It was a bit of a conveyor belt existence in a way. The bits that I thought were most productive and which I

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enjoyed was when I tried to ensure that once a week I got out of Whitehall and got round the country, so I used to bully the department into organising trips to different parts of the country – it probably worked out once a fortnight. Visiting a university, an FE college, a factory or whatever. And you really learnt what was going on in the field by doing that in a way you didn't by sitting in Whitehall.

JG: So balancing those other roles – Parliament, constituency...

VC: Yes, how do you balance those roles? I remained a conscientious constituency MP as best I could. I did my weekly surgeries. I think despite what happened in the election, I think all the surveys showed I kept up a very good reputation for doing that. I turned up to church services and all the things you're supposed to do. So the constituency stuff I kept going but obviously not as intensively as I had before.

The party stuff, I wasn't part of Clegg's inner circle, I did my own thing. And I had my own power-base in the party as it were, which I cultivated. And so around conference time there would be quite a lot of party activity.

Parliament, I have to say we got quite remote from Parliament – that was one of the slightly surprising things about the job. We had our BIS questions once every four weeks I think – in any case it was at quite long intervals. I can't remember in the five years that we were there that we ever dropped a ball in those questions. It was always very professionally organised and we always did well. But I think in a way that tells you that we weren't put under a lot of scrutiny. I can't remember, except for the tuition fees, ever having difficult statements to make. The people who did give us a harder time were the select committee, but only really around privatisation. On every other issue it was actually quite bland. So we didn't engage very much or worry very much about Parliament.

It was much, much, much more about the media. Every day I would be having three or four conversations with my special adviser about radio, television, and what we were trying to say. I was quite active in the media and that was how I communicated rather than through Parliament.

JG: I wonder if you could talk us through an occasion where an unexpected event or crisis hit the department and how you dealt with it?

VC: Well I can't think of many departmental crises. We had as I say the Royal Mail floatation. That wasn't a personal thing. I took responsibility for it, perhaps I shouldn't have done, but anyway I took responsibility for it. And that was a departmental problem and in some respects a failure by civil servants. But we sorted it eventually. We had no massive closures that I can recall. We had a lot of near misses, all which were pretty well managed by the department. We had the student tuition fee riots but that was not departmental, that was party. The big crises I had more were personal things – the Murdoch stuff which was quite traumatic at the time. And I was helped by the civil servants who helped to manage that very well. But it's not like the Home Office where you have escaping prisoners and asylum-seeking hate preachers and all that kind of thing. BIS isn't like that.

PR: Going back to one thing you mentioned earlier about the way you took decisions. It sounds as if you were quite paper-based, or did you like big meetings with all the civil servants?

VC: I did a bit of both. I think the civil servants quite liked the fact that I gave leadership and I was decisive and gave them a very clear steer. But one of the things I did quite value doing was meeting the senior civil service teams. And there were different levels – there was the Board and there was the top 50 – and just saying to them every three months, 'Look, these are the priorities; these are the things I want you to work on'. And they responded very well to that and we achieved a great deal.

PR: What did you regard as your biggest achievement in office and how did you achieve it?

VC: Well there are a long list of things. In a way that's an unsatisfactory answer. I think in the case of some ministers there will be one big thing that they did. But when I go back over my period, I would probably list ten quite big things, each of which in themselves are not heroic but cumulatively large. So it was a cumulative body of achievement I think that I would take pride in. And roughly, very roughly, in order of priority, I'd say: the industrial strategy has been a big success – whether it will be continued in present government I don't know – but that was achieved partly by my changing my mind six months into government, realising that all this ad hoc stuff was just creating a sense of drift. And I was encouraged by Michael Heseltine. I had these ex-Tory Cabinet ministers sitting in my department as 'honorary ministers', I don't know quite how they got there. We had him, Leon Brittan, and David Young.

But anyway Heseltine was there and he said, 'This is what you ought to be doing'. And he just said 'Look, the thing to do is write a letter to the Prime Minister' – he helped me construct it, civil servants worked on it. We gave it to the Prime Minister, and then a week later, I never quite understood how this happened but it all appeared in the Financial Times. Everybody assumed I had done it but I didn't actually. Somebody, I assume a civil servant had given it to Miliband and then it appeared in the paper. Anyway, whatever happened, that's how it came to light. Cameron, surprisingly to me, was quite sympathetic because I think a lot of business people were saying this is what we need to be doing. The CBI [Confederation of British Industry] was very keen and we had this Automotive Council which I'd inherited from Mandelson, which the civil servants loved because they had a real role at last. So we got together the aerospace industry, the Creative Industries Council and lots of others. So there was a big role for civil servants.

We did a lot of stuff, so industrial strategy was one. Second was apprenticeships, which I emphasised from day one because I knew we were going to have this horror story with universities and I thought well let's do something positive rather than just do negative things. And that became one of the Government's signature achievements – so much so that the Tories started claiming all the credit for it. And I did have a Tory junior minister called John Hayes who to give him credit was a slightly offbeat Tory who quite liked the idea of doing things for the working class. So he got enthusiastic and between the two of us we got that off the ground. And that with a massive extension of apprenticeship reform, that was a big success I think.

Thirdly, the Catapults – not widely known publicly but these German-style Fraunhofer-type institutions which are now sprouting all over the country – I think has been a big success and I think will bring lasting value.

Then there were a whole series of legislative things we got through: shared parental leave; flexible working; legislation governing executive pay; corporate governance-type issues, which I pushed. I would say saving the Post Office network was quite a big achievement. What else? Women on boards I think was something I pushed hard and worked very hard on. I think one of the lessons of that particular campaign is if the Secretary of State identifies with a particular issue and you work at it intensively and you co-opt people, because you do have a bully-pulpit role you can achieve a lot. We managed to get all the leading companies signed up, committed, trying to prove they were better than everybody else. So there's quite a long list of things.

There are also one or two negative things which we turned around, and you could call that an achievement. I think the university tuition fee was a political disaster but it was a policy success. The universities, unlike most other bits of the public sector, are now properly funded. I think giving a sense of direction to the Further Education sector was low-key but they really valued it. I produced a green paper at the end which synthesised what I was trying to achieve.

PR: In these things, because you were operating in a Coalition, how crucial was the support of the Treasury and Number 10?

VC: It was crucial. I think they took the view with all the things I listed that these were things they'd have to put up with because Cable was making difficulties and should be given something to keep him happy or they saw the potential they could exploit themselves politically – that was a major factor.

Certainly in the early years of the Coalition, I had quite a good relationship with Osborne. He enormously valued the fact that I was taken seriously on economic policy and I was throwing my weight behind what he was trying to do. He reciprocated by agreeing to fund and support some things I was doing. In fact, on the list of achievements probably the most important were within the area of banking. I forgot about that. But he gave me a billion quid to start the British Business Bank. He reluctantly agreed to let us push ahead with the Green Investment Bank, which he wasn't keen on but it was a concession. I'd worked with him initially on bank reform, because in the early days of the Coalition I pushed to take over financial services from the Treasury which of course was resisted. But they threw me a few bones, one of which was setting up the Vickers Commission which led to splitting of the banks and I worked with Osborne on that. So it did require collaboration with the Treasury.

But relations became increasingly frayed – initially they were very good and then they decayed – partly because I was increasingly disgruntled with some of the way he was pursuing economic policy. I made it clear I didn't agree with it, particularly cuts on capital investment, and he would then retaliate by being bloody minded. So it started off very well but kind of decayed.

JG: And what did you find the most frustrating thing about being a secretary of state?

VC: Well I suppose there were some justified and unjustified frustrations. The write-round system is very, very frustrating. You're trying to do something in a hurry and you have to get something cleared with all of the government ministers who have the right to object to it. I suppose it's a safeguard but it did mean that when you were trying to do things, it was blocked. So the write-round system was one source of frustration.

Although I had a very high regard for a lot of the civil servants, some of them were frustratingly legalistic. It wasn't traditional Sir Humphrey-type but I was constantly being given advice that there are 'legal risks'. I don't know if you've come across this expression?

PR: Yes.

VC: If it wasn't a financial problem, there was a 'legal risk'. But when you actually went into it, the legal risk of being sued successfully was probably one in a thousand. But that is a legal risk. Until I got wise to this I tended to kowtow to it but eventually I realised it was just people being lazy or unadventurous or not doing their job properly. But there was civil service inertia around a lot of issues.

PR: How did the Cabinet committee system work? Was that like the write-round with a danger of slowing things down?

VC: Yes, I think so. Somehow or other I never really got deeply involved in the Cabinet committee system, partly because Osborne didn't really believe in Cabinet committees. I was deputy chairman of various economic committees but they never ever met. If I wanted to agree something with Osborne I'd go and talk to him or more usually operate through our special advisers. Rupert Harrison [Osborne's then Chief of Staff] was a very powerful man, I don't know if he realised that. I would send Giles [Wilkes] off to talk to him and we'd work through it.

PR: How would you define an effective minister and how would you make government more effective?

VC: I think I would define an effective minister as somebody who has a very clear picture, a clear strategy about what they're trying to do and is able to communicate it to the staff and to the wider public. That's where I would start. And I saw a lot of ministers who weren't really effective, and it was usually because they were just responding to events or responding to the brief of the day without a clear picture of what they were trying to accomplish. So that's where I would start.

JG: And was there anything you had observed that you think could make government more effective?

VC: Well nothing I can just produce like a rabbit out of a hat. Towards the end of the Coalition it did get quite ragged and frustrating. But I don't think it was about the mechanics of government, it was the politics. The first three or four years it was doing things and I've given you a long list of all of the things that we did. But towards the end, we were scrapping the whole time. First of all, I was having to block a lot of stuff the Tories wanted to do for political reasons: immigration, labour relations, strikes, things of that kind. And I was becoming the blocking minister. The other area was of course endless, endless fights over who gets the credit for things.

So you've set up a new Catapult, so who opens it, right? And you've no idea the amount of emotional and political energy that goes into fighting over who is going to crack the champagne bottle, and particularly in the last year or two of government that kind of stuff became all-consuming.

JG: On the issue of continuity, you were quite unusual. I believe you were the longest holder of that post since the 1950s.

VC: It's an enormous plus actually, it was an enormous plus. And maybe with a different person you'd have come to a different conclusion. But certainly the civil servants loved it because they had continuity, they had a clear steer, they knew what they were trying to achieve, they felt the department was going somewhere, and things were being delivered. Legislation was going through, and new institutions were being created – all the things civil servants like. And the business people loved it. The engineering employers, the CBI, all those people. They've got someone they know, they know their strengths and weaknesses, and we're not reinventing the wheel the whole time. That was a really big plus about the Government in general, not just me.

There was something which you raised earlier and I didn't have a very satisfactory answer to it: how government should work better. The main area where government is working badly is in decentralisation. When I think about the industrial strategy, I think about it having three dimensions. There's the sector stuff that worked very well, there was the kind of cross-cutting policy stuff – training, innovation, worked very well. But doing this at a local level was a mess, a complete mess, because we made the decision to abolish the RDAs [Regional Development Agencies], for a mixture of good and bad reasons. But there was a vacuum. Then these Local Enterprise Partnerships grew up – some of them were just amateurish, some of them were very good. Then we had City Deals and even those who were in the system couldn't work out who they were supposed to be dealing with. So the local delivery angle was very poor.

Now the redeeming feature in BIS was that we had a team of people called BIS Local. I think originally there must have been 500 people around the country and we reduced them to six or something. But these six people were absolutely brilliant. And they were the people who knew when you went to Durham what the problem was with Factory X and Office Y and would fix it and get in touch with you and so on. So we'd improvised a local outreach. But generally speaking the decentralisation of government is a complete mess, and Osborne is trying to do all this stuff with city government which is actually mainly a way of cutting funding, I think. But that said, there's a lot to be done.

JG: And in hindsight, would you have approached the role differently at all?

VC: My job?

JG: Yes

VC: I think a lot of the things I'm pleased with worked out. I think if I had thought about the job a bit more, in other words if we'd had more time at the formation of the Coalition, what I would have done, I think, would have been to insist on having financial service bank regulation. Now that's partly political but it's also in a way one of the most important things government was doing. It wasn't dealt with properly – the whole stuff with RBS just drifting for five years – and I did make a bid for it in the first couple of days but I was sort of swatted aside by the Treasury. I didn't get Clegg involved in the right kind of way. So that was a mistake I think. And had I had control of that aspect of government I'd have been able to operate more effectively. We wouldn't have needed the business bank and that whole

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finance sector stuff would have operated much better. A lot of the political frustrations about City bankers and bonuses we could have dealt with better had it of got out of the Treasury. I failed to do that and that is quite a big regret.

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