



Director's Annual Lecture 2022

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What's wrong with Britain's government?

Good evening.

I've chosen as the subject of tonight's lecture the question of what's wrong with Britain's government. A question you hear a lot at the moment, in this country and beyond. Right at the moment, it risks a very blunt answer from almost two thirds of Brits: Boris Johnson is the problem and he should go.

I'll come back to that question and standards in public life at the end. The IfG has done a lot on this recently. If a government does not observe those standards, people do not trust it. Its ability to ask them to do difficult things, such as isolate themselves or pay more tax, is badly undermined. A prime minister who does not seem to observe the law compromises Britain's ability to defend the rule of law around the world or to assert the value of the UK's democracy in the face of President Putin's threat to Ukraine. Yet while no set of rules will curb someone who wants to break them, our democracy does have ways then to get rid of that person. It is up to the Metropolitan Police and Conservative MPs to decide the prime minister's immediate future, and voters at the next general election. We'll see.

While that is the consuming drama of Westminster at the moment, I'd like to turn to what is as important for public confidence – the basic competence of government and its ability to devise solutions to the big problems facing the country. By government I mean both the elected one of the day and its chosen ministers, and the ranks of civil servants, agencies and institutions who support them.

Tony Blair said recently that British government was losing the capacity to identify and solve the country's big problems. I think he is right. Many people in Britain – perhaps most – would still sign up to the view that this is basically not a corrupt country and many things do work well – as much did in the past two extraordinary years including the vaccine rollout. But examples of the opposite are too frequent for comfort – and the pandemic exposed those too. Britain has one of the highest death rates during the pandemic among richer countries, and suffered one of the biggest economic drops.

Britain accepts compliments for government when it should not. I saw that in Iraq, where UK politicians took credit for the supposedly solved tensions of Northern Ireland. You can see it in the refusal to criticise the National Health Service, which has done many remarkable things and is nationally adored, but still falls quite a way short of the world's best health care. The recent revelations about the Metropolitan Police – the racism, the sexism, the homophobia, the boasting about domestic violence – have given everyone a reason to be appalled. The only person who may not be distressed at the Met's recent actions is the prime minister, who has been given a breathing space by its belated decision to investigate 'partygate'.

Within government, there is a state of complacency about these failings that undermines the way the country works and is deeply corrosive of public trust.

Current targets of people's fury include the energy regulator licensing so many energy companies, many now going bust. The rollout of smart motorways without full consideration of evidence about whether they work. The Afghan exit and evacuation; the flailing attempts to curb immigration. High on the list of recent horrors is the wrongful prosecution of more than 700 sub-postmasters, because the computer system designed by Fujitsu wrongly decreed that they had taken money from the till. At least one of those wrongly accused took his own life; others are still struggling to clear their names or reclaim money they were forced to pay. And last month, Lord Agnew, a Treasury minister, resigned with an attack on the government's "lamentable" record on "rampant" fraud in government, particularly when offering loans to businesses during the pandemic.

In talking about what's wrong with British government, I'm going to focus on three problems.

First, the pervasive failings in basic competence and expertise of the civil service and ministers which mean that they propose unworkable policies or fail to deliver even good ones. The civil service has many dedicated people but it also struggles to get the people it wants and then to give them the skills and knowledge they need. Ministers are often appointed for loyalty not expertise, and pour out initiatives that will not produce the results they want.

Second, the lack of clear responsibility and accountability for performance, both for ministers and civil servants. Where the civil service's responsibility is clear, it can lead to back covering and excessive caution; where it isn't, it often leads to evasion. That creates a culture of complacency where the consequences of poor judgements do not

feel real to those making them. Ministers take the blame when they needn't but avoid it when they should. I'd extend this problem to parts of the huge web of agencies and public services which is so much part of modern government.

That point brings me to my final one: the shortcomings of an old constitution straining to support a 21st century government with all its inevitable scale and complexity. Parliament lacks power to hold government properly to account. Devolution is desirable in a big, complex country, but in the UK it is still patchy. It is anyway no panacea – it needs its own checks and balances and fierce scrutiny to work well.

The result of these failings is that governments, one after another, fail to provide answers to the country's obvious problems. They ignore the work of the past, snatch at improvised solutions, make lofty pronouncements and then try to bring those to life in a year or two. Public cynicism grows, while confidence about the country's future falls. Boris Johnson led his party to an 80-seat majority because for many voters he dispelled those worries by sheer force of personality. His government has made unusual and laudable efforts to reform the machinery of getting things done. But it is now in danger of failing to achieve that reform as well as its big project of 'levelling up', and also risks an entirely unnecessary assault on public trust by seeming to ignore the principles of standards in public life as well as the rules it set for the nation over coronavirus.

1. Complacency and incompetence in basic government

My first point is about the basic competence of government and the culture of complacency that tolerates its absence. Let's start with Lord Agnew's resignation on 24 January. He had served as Treasury and Cabinet Office minister since February 2020, just before the start of the pandemic and had special responsibility for countering fraud. He accused the Department for Business, Energy and Industrial Strategy of a "lamentable" oversight of coronavirus loan schemes which had led to widespread fraud. He added that the Treasury "appears to have no knowledge or little interest in the consequences of fraud to our economy or our society" and that a mix of "arrogance, indolence and ignorance freezes the government machine".

Some of his accusation should be directed at his own government, not officials. It decided that vast sums should be disbursed very quickly and ordered banks to suspend normal checks that a company was currently trading and that they could establish the identity of its directors. But he is right about widespread lack of knowledge and care, among civil servants as well as ministers, and about how pervasive this is.

There are zones of government where ministers and their civil servants have little deep knowledge of the subjects. They may have little understanding of the implications of making a bad decision, and may not have immersed themselves in the experiences of people on the receiving end to know what that means.

A big part of that is because they change jobs too often. Ministers have little control over how long they are in a post (although the prime minister does). Or how long their party will be in power. For the civil service, turnover of staff – not just between departments but between jobs within departments – is pernicious. It's something the

IfG has often criticised. The motives are generally pay and promotion; the civil service is blessed with many ambitious people who want to get on. But the result is that they may stay only a year or two in post – and so know little about the subject with which they are suddenly dealing. It was evident in the Afghan exit last summer, when many civil servants dealing with the petitions for help in evacuation were said to know little about the country. The block of people who did had long before moved on.

That exacerbates the temptation for politicians to keep announcing new initiatives. We've remarked on how common this is with regional and industrial policy, and further education. These problems are not new; they are enduring. Every government has a go at them in some form. This government's effort is captured in its promise of levelling up. But to achieve anything from it, the government will need to have detailed plans that recognise why so many similar efforts have failed and which draw on the ones that have succeeded.

The risk is that solutions get reinvented again and again. Failure to learn lessons about what has not worked wastes huge amounts of time.

The problems facing the country are not obscure. They are obvious and endure far longer than any one government. How much health care people want and how much they are prepared to pay for it. The national debt. Low wages, poor productivity, an ageing population. Social mobility and cohesion. Net zero. The failure to build on what has come before means that these initiatives blow away as ministers and civil servants shift job.

That is why at the IfG we have spent a lot of time urging the civil service to curb staff turnover, encourage specialism, use evidence systematically including from other countries and devise ways to retain knowledge in departments. We discourage prime ministers from reshuffles – though also urge them to move on ministers who are doing badly. There has been a lot of progress in the past 10 years with the development of the professions within the civil service – such as finance, human resources and digital government. There is, though, room for a lot more.

We are later this month producing a key paper urging the government to establish a new statutory role for the civil service – to give it the responsibility for maintaining its own skills and for deep knowledge and international experience of the subjects at the heart of modern government, whether transport, energy, health or the politics of our closest allies and greatest threats. We urge the same on ministers; the IfG offers them bespoke advice on how to get the best out of their departments. Civil service leaders have done a lot in recent years, recognising the problem.

But all that does not answer Lord Agnew's second main point: a culture of indifference or ignorance as to the effects of bad decisions. It's hard to put your finger on it but you know it when you see it. You might think of the contracting out of probation service, not acknowledging that the quality of the service could not be codified in a contract. Or the failure to ensure that judges have the right technology, leading to delays in court hearings. Or the way the Department for Education last year persisted with its algorithm

for awarding grades despite warnings of unfairness to individual students and chaos in university applications.

The sting in Lord Agnew's accusations is that if the Treasury doesn't seem to care about losing billions of pounds, it creates the perception that the government will tolerate fraud, it loses its authority with Whitehall departments and it offends the millions of people who are going to find the coming years financially very tough.

There isn't a single answer to this. It is a cultural question. I should say again that the core culture of the civil service is one of public service and many dedicated people give their professional lives to that. But you also find an evasion of responsibility and an obsession with personal promotion that is less attractive. A disdain for politics, a lack of understanding of the pressures on politicians and a shortage of people who can find practical answers to the problems ministers identify.

There is change underway. The need for reform is now an open conversation and civil service leaders of the past decade have made important changes. Reform used to be a niche conversation, a final job for ministers squeezed out of all the others. It is central now, as Michael Gove showed when chancellor of the Duchy of Lancaster, and as we hope that Steve Barclay will too – although this may be a receding hope given his considerable new responsibilities as chief of staff to Johnson. One of the IfG's successes in the 12 years of our history has been to make this conversation inescapable (though you will gather from what I have said that I don't regard our job as done).

This government's desire to relocate civil service jobs around the country may be a useful antidote to this culture. There are other answers, though, and I'm going to come onto those with my second point – about the need for clearer accountability and responsibility.

2. Accountability and responsibility

One of the prime causes of these problems is that when things go wrong it is often not clear who is responsible. Of course, when the relationship between civil servants and ministers is working well, the boundaries of who is responsible for what are blurred in a healthy way. A minister might often devise a policy based on advice given to him or her by the civil service team. But what then happens if that advice is poor? Much of the pandemic planning, for example, was based on flu.

We have argued for clearer responsibility between civil servants and ministers, and more direct accountability of the civil service to parliament and to its own leaders. We are proposing a new board for the civil service which would hold its leaders more clearly to account for its performance and would give it more responsibility to maintain the professional skills that a permanent bureaucracy needs.

A second part of the answer is strengthening parliament's ability to hold government to account. That means more powers for select committees to summon specific witnesses from the civil service. It means the House of Commons having more control over its own agenda so that the government cannot avoid awkward debates. It also means enough

transparency that the media and parliament can get the facts do their job. Incompetence in providing consistent government data – or unwillingness to do so – is no excuse.

That goes for the devolved nations too. Devolution is deeply popular and coronavirus has made it more so as the devolved administrations picked their own route through restrictions. In Wales, where I spend quite a bit of time, you can feel the strengthening of local identity – that is not really a political force, more a pride in local identity. The UK needs more decentralisation – within England too. It is not possible to run a complex country well when so much is done from the centre. But devolution needs more accountability than the first 20 years have given it. It is as if Blair and Gordon Brown threw all these responsibilities to the devolved administrations and have forced them to work it out.

Because devolution is not all roses. Performance of public services in Wales and Scotland in 20 years has been poor – as we showed in a landmark report last year. There are democratic means aplenty – in the form of elections – for voters to express how they feel about this, as well as their parliaments to hold their governments to account. But that does depend on transparency. And the quality of data is shockingly poor; the figures of the different nations are astonishingly – even perversely – hard to compare with each other or with the past, one reason we spent so much time compiling this analysis.

The need for accountability applies, too, to “arms’-length bodies” – that awful bit of jargon for public bodies that are independent from central government. NHS England is one. Ofgem and Ofcom, the regulators, are others. Modern bureaucracy is vast and the UK’s constitution contains few ways of holding the regulatory state to account other than the intensely political business of appointing their heads. We need much better data and more transparency about the basis for their decisions and more direct accountability to parliament.

3. Need for updated constitution and balance of powers

That brings me to my final point: the way these shortcomings are exacerbated by the outdated nature of the UK’s constitution. Parliament struggles to hold government to account. It is up to the prime minister to call an investigation into whether a minister has broken the ministerial code. And when it is the prime minister himself, this procedure has no teeth. The Lords has been described as indispensable (for scrutiny) but indefensible in the way that peers are chosen. All this matters for public trust.

That is why we have begun a major project, working with the Bennett Institute for Public Policy of Cambridge University, to review the UK constitution. Our first report, on the problems, is out now and has benefited from the thoughts of a distinguished advisory panel.

Standards

Part of this constitutional apparatus concerns standards in public life. I said at the beginning that I would conclude by talking about this and now I will. I don't regard the system as broken, although it could be improved. The UK has lots of rules, and in the past 25 years, better ways of enforcing them. If not every figure in public life observes the Nolan Principles, devised 26 years ago, it doesn't mean that those principles are not generally working. What matters is what happens if they are broken. If there is no sanction, then a culture of not caring about the rules can take hold. Leadership matters. Sometimes, it is almost everything, as the Queen illustrates.

This investigation into parties held in Downing Street during lockdown has shown how messy the application of the rules is when the prime minister is a target of investigation. It was never desirable to put such weight on one civil servant; Johnson is Sue Gray's ultimate boss. Given that she had accepted the task, it was tin-eared of the Metropolitan Police to undermine it as they have done. They first deemed the matter not worth investigating because it was retrospective, then let her do the heavy lifting, then when she did uncover evidence they thought substantial, swooped in and stopped publication of the most significant elements. They now have an obligation to allow the Gray report to be published in full when they have concluded their own investigation – as the government has apparently committed to doing – and to say whether the prime minister and his team broke the rules.

The polls tell us the verdict of the country on Johnson is already damning. While it will be Conservative MPs who have the first say on whether he should go, if Johnson himself is fined, or if he is found to have misled parliament and failed to correct the record, his position probably will be untenable. His authority would be undermined even further and the standing of the UK in the world damaged.

Conclusion

We've had an extraordinary two years, a test of government that no one envisaged brought by the pandemic, and in the past two months, self-inflicted problems of government that no dramatist would have scripted but which call into question the rules and sanctions for behaviour in public office. Much did work well in the pandemic, both at the heart of government and in the public services thanks to the dedication of public servants. But we will also now soon see the beginnings of an inquiry into what went wrong.

During this crisis, this government has repeatedly professed its commitment to reforming the civil service and the machinery of government itself. We're glad to hear it. The dial has moved on what used to be an esoteric conversation and we reckon that the IfG in its 12 years has helped achieve that. There is far more attention on performance – on what government manages to achieve – than there used to be. There is acknowledgement that Britain is not as good at government as it would like to be.

That is the kind of change that needs to happen if Britain is going to have a first-class government. The country is now wondering about its future outside the European Union and whether 'Global Britain' means anything. It will be relegated to being a second-class country if it has a second-class government.

When this government emerges from solving its own problems – if it does – it will need to turn again to solving the country's. It has rightly identified what those are. It won't stand a chance of solving any of them, however, if it does not draw on the lessons of the past – and if it cannot be seen to uphold the basic standards of public life and the rules which it has thought essential for the rest of the country.

Ends.

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