

# Year Five: Whitehall and the Parties in the Final Year of Coalition

Akash Paun and Robyn Munro



# Contents

Foreword.....	1
Summary.....	3
Whitehall voices .....	9
Introduction .....	11
The Coalition in Year Five .....	14
Lessons from elsewhere.....	31
So what is to be done? .....	38

# About the authors

**Akash Paun** is a Fellow of the Institute for Government, and led the Institute's project on final-year challenges for the UK Coalition, which culminates with the publication of this report. Since 2009, he has been involved in a series of research projects exploring the challenges of hung parliaments and coalition government, and has also led work on the accountability of the Civil Service, the functions of select committees, and the selection of parliamentary candidates. His most recent major publication was *Accountability at the Top: Supporting Effective Leadership in Whitehall*.

**Robyn Munro** joined the Institute for Government as a Researcher in August 2013. Her work at the Institute has focused on coalition governments and how the Civil Service works with political parties. Prior to joining the Institute she worked for a public affairs consultancy advising clients from the social housing, green energy and property development sectors. She has a BA in History from the University of Oxford and an MSc in Public Policy from the University of Bristol.

## Acknowledgements

The authors would like to thank a number of colleagues at the Institute for Government for their support and advice during the research project on Year Five of the Coalition and the writing of this report.

In particular, we are grateful to Peter Riddell and Jill Rutter for their guidance throughout; to Julian McCrae, Nadine Smith and Mark Mistry for helpful comments on this report and our conclusions; to Catherine Haddon and Siddharth Varma, who have worked alongside us on the wider project and contributed much to our thinking; to Andrew Murphy for managing the publication process; and to Kerry Burkett and Candice McKenzie for organising our launch event.

Thanks are also owed to many individuals across Whitehall and in the other political systems we have examined who took the time to share their thoughts and experiences with us. Most of them must remain anonymous, but without their input this project would not have been possible.

All errors are the responsibility of the authors.

# Foreword

The final year of a parliament is particularly difficult for the Civil Service at any time. Officials are still fulfilling their duty of serving current ministers – albeit ones increasingly distracted by the coming general election – yet they are also looking ahead and preparing for the possibility of a change of government. Civil servants are skilled at balancing these conflicting pressures. But, this time, their dilemma is even greater because of the existence of the Conservative/Liberal Democrat coalition Government.

As Akash Paun and Robyn Munro argue on the basis of extensive interviews with senior civil servants across Whitehall, the existence of the Coalition has created wholly new problems. Officials are having to try to deal with the, at times, conflicting demands of ministers from the two governing parties, particularly over plans covering the period after the next general election.

There is an understandable tendency at the top of Whitehall to prefer ambiguity and getting-by. Such an approach, avoiding precise and too detailed public guidelines, has attractions, particularly in such a sensitive period as the next year. Many in Westminster and Whitehall still behave as if the Coalition does not exist, or as if its existence requires only informal and temporary adjustments. The Coalition may well turn out to be an exception to the run of single-party majority governments. No one knows. But it is wrong to brush aside, and not to acknowledge, the new challenges it presents, particularly in the final year of the Parliament.

There is an obvious risk at present of unfairness to the smaller party, especially when most departments are headed by secretaries of state of the larger party. But a broader danger for government is that, without clearer guidelines, caution will prevail and insufficient work will be undertaken on post-2015 policy options in areas of disagreement within the Coalition. Moreover, civil servants already report that they are being put in a very difficult position as – in the absence of guidance from the centre – they try to work out how to give advice to ministers from different parties without being, wholly falsely, seen as favouring one party or another.

There is the additional problem for senior officials of identifying whom they should talk to in the two coalition parties. This is less about rules or conventions than a psychological or behavioural point. Regardless of the result of the election, few secretaries of state, let alone junior ministers, expect to hold their current posts even if their party remains in office after May 2015. Understandably, they are concentrating on the next 12 months. So to whom should permanent secretaries turn for help on future plans? By contrast, identifying whom to contact in the Opposition is straightforward.

This informality and lack of clarity are no longer good enough. It is time more formally to recognise that officials – as a permanent Civil Service – have a responsibility of stewardship to possible future governments as well as to the current one. This need in no way affect their loyalty to incumbent ministers, or their commitment to effective implementation of agreed coalition policies. But it does require a more explicit setting out of the pre-election guidelines on advice to ministers in the Coalition. (The overlapping issues of Whitehall's links with the Opposition are addressed in the parallel report on 'Pre-election contacts between the Civil Service and the parties: lessons from 2010').

Akash Paun and Robyn Munro have looked at the experience in several other countries – set out in separate briefing papers – and propose a number of principles about the rights of each coalition party and the need for separate space for confidential support for each coalition party, running in parallel with pre-election contact with the Opposition.

These are important recommendations, which could help to avoid tensions and disputes ahead of the election. The protection of the impartiality of civil servants is the responsibility both of senior ministers and of civil service leaders. During the pre-election period, it is in everyone's interests, politicians and civil servants alike, that the guidelines are both publicly known and have been applied fairly. It is time to be transparent and clear.

A handwritten signature in black ink that reads "PJR Riddell" followed by a horizontal line and two dots.

Peter Riddell  
Director  
Institute for Government

# Summary

This report is the final publication of the Institute for Government's six-month research project on the challenges facing Whitehall and the parties in Year Five of the Coalition. Our focus is on how the Civil Service should work with the two coalition parties as each develops its policy plans for the next parliament.

While the parties will increasingly focus on the 2015 general election, they must also continue to work together in government. A central challenge is therefore to ensure that the Coalition retains its ability to take necessary decisions and to govern up until polling day, and also that each side has enough space and support to conduct its own forward policy thinking. It is also crucial to ensure that civil servants are preserved from being drawn into party-political activity and that they are guided on how to respond to pressure from their ministers in this tricky period.

The final year of this parliament will see the opening of formal channels of communication between the Civil Service and the Opposition, under existing conventions for pre-election contacts. Our project has also considered how these interactions should work this time around, drawing on lessons from previous pre-election periods and taking into account the context of coalition.

## ***The context of coalition***

In the pre-election period – as at any other time – the Civil Service must maintain a clear divide between government and party business, with officials barred from tasks such as manifesto writing. However, in a single-party administration, officials are often asked to carry out analysis or provide advice on policy ideas that the party of government is considering for its manifesto.

Indirectly, civil servants do in effect therefore assist the incumbent (party of) government to formulate and refine plans for the next term. An official we spoke to told us that as the election approaches, 'there is always a grey area that develops between the ongoing work of government and future policy' and that this 'has always needed to be interpreted with judgement'. Prior to the 2005 election, for instance, the Labour government published a series of five-year strategies for different public services, which were developed with significant civil service input but were manifestly statements of intent for Tony Blair's third term.

In a coalition things are more complex, since the two governing parties will be developing different policies for their respective manifestos. In areas of disagreement there will be no single government line for civil servants to help develop or advise on. Instead, officials may find themselves asked by ministers to help develop policy in private for just one side of the Coalition. Or they may find themselves pulled in two directions, under pressure from competing ministers to help develop contradictory positions.

## ***How Whitehall deals with difference at present***

Our research revealed that in the absence of clear guidance and consistently understood rules of the game, there is significantly variable practice in terms of how departments and

individual officials respond, and how far the two parties are supported to develop their own plans. This lack of clarity is already leading to confusion among civil servants, and to concerns that, in the final year, pressure to support ministers to develop policy that is clearly for one party only could lead to accusations of politicisation.

In departments with ministers from both parties, the personality of the secretary of state often determines the degree of information and support provided by officials to the 'other' party. Some departments seek to maintain a culture of openness, with all significant policy submissions copied to both sides. This approach to coalition government implies the development of a single evidence base that is provided on equal terms to both sides.

In other departments, policy development is sometimes carried out solely for one party (most often the party of the secretary of state), occasionally with explicit requests not to include the other side in discussions or on distribution lists. There is a lack of clarity in such circumstances about whether policy is being developed for the Government, or for one party.

This can also strain working relations within a department. In one case a secretary of state instructed officials not to speak to 'the other party's' special advisers. In another, the secretary of state asked officials to keep junior ministers out of the loop because of concerns they would pass on sensitive information to their party leader. This can put officials, working for a minister on a particular portfolio, but acting on instructions from above, in an impossible situation.

In areas of fundamental policy disagreement, even the process of developing a shared evidence base can be politically contentious – as has occurred, for instance, during the EU Balance of Competences review.

There have also been breaches of the principle of 'no surprises', with ministers from both sides making unexpected public interventions that challenge aspects of agreed coalition policy – including the Deputy Prime Minister on free schools, and the Prime Minister on green levies. Such situations can cause confusion for officials if it becomes unclear what the government line is or whether a minister is speaking with a government or a party hat.

As one senior figure told us, for civil servants, the particularly 'difficult fuzzy area comes when you're asked to work up something when you know [...] the other party of government is opposed to [it]'. In at least one case, that of the 'Go Home' immigration campaign vans, an actual policy pilot was rolled out without consultation with the other party. Such developments put relationships under strain.

On several occasions, there have been formal suspensions of collective responsibility (beyond cases foreseen in the original coalition agreement), including over the Leveson report, constituency boundary changes, the private member's bill on an EU referendum, and the Government's immigration legislation. Bespoke processes – including parallel channels of advice – have sometimes had to be created in such cases, which may become more common in the final year.

### ***Risks of the final year***

How then should the Civil Service support the two sides of the Coalition to develop their thinking on policies for the next Parliament, while also maintaining sufficient focus on

implementing agreed coalition policy? Should civil servants work only on jointly agreed coalition policy, should they simply do what their secretary of state asks, or should there be an equal offer to both sides?

The default approach of Whitehall is to avoid formalisation of rules, and to rely on personal relationships and individual good judgement to respond to pressures as they occur. This is a model of government based on the principle of constructive ambiguity, which may have worked in the context of a single-party government, but is under serious strain in the context of coalition, particularly as the focus shifts to the election.

Many of the people we spoke to across Whitehall expressed concerns about how things would work in Year Five. As one put it:

*It's going to get more and more difficult for civil servants to know what the right thing is to do, with regard to this, and therefore I do think that clearer guidance about what the rules are ... will be really, really helpful.*

We conclude that without effective action and clarification of the rules, there are growing risks as the final year progresses, including:

- variable practice, with different departments supporting the two parties in significantly different ways
- confusion among officials unsure about how they should respond to requests for policy input from one side or other of the Coalition
- public perceptions or accusations that civil service resources are being used improperly, or that particular officials or teams have become politicised for one side or other of the Coalition
- growing tensions between the parties about what support they are entitled to
- announcements that are perceived as surprise attacks by one coalition partner on the other, in part due to confusion between government and party activity
- a deficit of planning for post-2015, due to the absence of political cover to carry out work in areas of disagreement
- parties committing to poorly thought-through policies that may then be locked into a programme for government in post-election government formation negotiations.

The final year of this parliament will also see the beginning of pre-election contact with the Opposition, which we discuss in detail in a parallel report. The Government recently confirmed that conversations between shadow ministers and senior officials could begin in October 2014.

However, the access that the two coalition parties will have to the civil service in the pre-election period strengthens the case for offering more extensive civil service support to the Opposition.

### ***How should Whitehall adapt?***

Drawing on lessons from Scotland, Australia, Ireland, the Netherlands, Wales and New Zealand, and from past experience of pre-election contact with the Opposition, we make the following recommendations:



**1. Reach agreement at the top about the rules of the game.** The Prime Minister and Deputy Prime Minister should agree on and publish the rules of the game for the final year, including the *rights of access* of each party to civil service support for policy development (see recommendations 2-6); how the two sides will reach *agreement to disagree* (for instance in the event of further suspensions of collective responsibility); and the *terms of engagement* between the parties in the final year (for instance, how to avoid ‘surprise attacks’ that undermine trust).

The two parties should also make sure that effective *channels of communication* remain open throughout the long election campaign, to ensure that the Government can still respond effectively and take necessary decisions throughout. The Quad and other existing forums might be sufficient to ensure that this happens; alternatively, a new group could be established with representation from both parties and the Civil Service, holding regular meetings to discuss and defuse tensions that arise, and to monitor the overall functioning of the Coalition in the final year.

**2. Create separate and confidential channels through which each of the coalition parties can access civil service support.** There must be greater clarity about the rights of each coalition party to access support to inform their development of post-2015 policy plans. The present ad hoc arrangements are insufficient to cope with the pressures of coalition. Specifically, a system of ‘separate space’ should be created through which each coalition party can request information and analysis from policy officials in all departments, to help them develop their post-2015 plans. Such requests should be clearly marked as relating to party-policy development for the next term, and would be dealt with through a separate system to the normal provision of civil service advice to government.

**3. Provide strong leadership from the centre to ensure consistency.** It is the responsibility of the Cabinet Secretary to oversee the operation of this final-year system. To ensure that there is consistency across Whitehall, clear, principles-based and light-touch guidelines should be developed and disseminated, covering:

- **The scope of the offer – ‘information not advice’**  
Parties should be able to request information on estimated costs, implementation challenges, likely timelines for delivery, and relevant legal implications of proposed policies for future parliaments. But officials should not offer advice or develop alternative policy options in areas with no coalition agreement. Nor should the system be used by parties to identify weaknesses in other parties’ plans, as this would draw officials into providing political ammunition.
- **Confidentiality**  
Officials should not reveal the contents of requests or responses from one coalition party to the other. Secretaries of state must respect the right of the ‘other’ party to access support from officials in their department in private, and should not interfere in this process.
- **Explanation of the routes by which such information is provided**  
Secretaries of state should be able to request information through ‘separate space’ directly from their department – through the Permanent Secretary’s office. The other party should be able to make such requests via the party leader or a nominated junior minister, also through the Permanent Secretary’s office.

**4. Hold permanent secretaries responsible for ensuring fair access to all parties.** Each permanent secretary should be made formally responsible within their department for ensuring that both parties (as well as the Opposition through pre-election access talks) are given sufficient and fair support. They should also ensure that their department prepares for all possible election outcomes, and conducts long-term thinking and scenario-planning to be ready for future challenges under any government.

The centre of government should hold permanent secretaries to account for these functions, which should be embedded in permanent secretaries' personal objectives as part of their 'stewardship' role for the long-term organisational health and effectiveness of their department.

The Permanent Secretary must also ensure that policy officials within the department understand the rules of the game, and should stand prepared to offer guidance if officials are unsure of the terms on which they should support ministers.

**5. Co-ordinate the flow of information centrally.** Departments should keep the Cabinet Office informed of the scope and content of their interaction with the different parties about post-2015 plans, so that gaps or inconsistencies can be spotted, and cross-departmental expertise can be brought together to help parties think through cross-cutting challenges. The centre may also be called to support post-election coalition negotiations, requiring knowledge of the parties' different positions. Where concerns relate to costs of proposed policies, the Treasury should be kept closely engaged too. On the party side, the Prime Minister and Deputy Prime Minister should be kept informed by their respective ministerial colleagues of the nature of work being commissioned within departments to support future policy thinking.

**6. Run separate space in parallel with pre-election contact with the Opposition.** The separate channels of confidential support to the parties should open at the same time as pre-election contact with the Opposition. Ideally, this would be before the summer recess (in June or July 2014). However, the Prime Minister has already decided that opposition contact will not commence until October. To ensure fair treatment, the coalition parties should also not be able to access private support to develop post-2015 policy until that point. To be clear, ministers should still be able request civil service advice in the usual fashion, but this should be based on cross-party agreement and should carry no expectation that such work would be kept hidden from the coalition partner.

**7. Move towards a more integrated system of support for all parties.** Above we have discussed 'separate space' for the two coalition parties, and pre-election contact with the Opposition, as distinct systems, while also advocating that the two systems should begin operation at the same point. However, there is a strong case to argue that if the Civil Service is indirectly to support future policy development for the two incumbent parties, then it should do so for the Opposition too. This can be justified in terms of both procedural fairness and effective government – since it is important that all potential parties of government have well-considered policy proposals come May 2015.

Therefore, we recommend that the Opposition should be able to request limited analysis of estimated costs, likely implementation challenges and other practical issues relating to planned manifesto policies. This provision of information would build on – and would need to

be aligned with – the narrower scope of conversations between shadow ministers and departments through pre-election contacts. As above, it should be made clear that the Civil Service would be providing *information but not advice* to the Opposition.

**8. Consider an independent costings system for all parties.** In the longer term, it is also worth considering the potential advantages and disadvantages of an independent system by which all parties could have policies and manifestos assessed – particularly for their fiscal and economic implications.

The present Government has ruled out the proposal to extend the remit of the Office for Budget Responsibility (OBR) in this parliament to enable it to play such a role. And it is right to say that any such move should be carefully considered, including in terms of the extra resources that an expanded OBR would need, what the terms of its engagement with different parties should be, and what the qualifying criteria should be for parties to gain access to this support.

We therefore recommend that, following the election, during the planned five-year review of the work of the OBR, consideration be given to whether the OBR remit should be extended in this manner. We also recommend that there should be a wider post-election review both by relevant parliamentary committees and by the Cabinet Office of all the pre-election arrangements ahead of a new edition of the Cabinet Manual.

# Whitehall voices

We carried out nearly 30 interviews across Whitehall – principally with senior officials from almost all of the major departments – about coalition working and concerns about the final year. As the quotes below illustrate, the consistent message we heard was that there was a need for greater clarity about the rules of engaging with political parties in Year Five.

‘Ministers at any stage ... can ask for policy advice on something... They don’t say, ‘We’re interested in some ideas for party conference’... They say, ‘Our minister is thinking of, he’d like you to explore, A, B and C’ ... It’s incredibly easy, you just have to ask the right questions, because it’s always your right as a minister to request advice from the Civil Service.’ *(This quote appears below on p.18)*

‘There are occasions ... where you do a bit of advice, particularly for the secretary of state ... where they, as the most senior minister, basically say, “We want you to do this and we don’t want you to share it with anybody yet. This is a piece of advice for me.” ’ *(p.18)*

‘We are often ... providing things sometimes for one or the other [minister] without copying in the other minister[s] in the department. That’s quite an uncomfortable place for us to be.’ *(p.17)*

‘The challenge might come if officials thought they were being asked to work up ideas where it was completely implausible these might be pursued as part of a collective, agreed plan, and were in fact intended as the expression of a single party’s views, or to contribute to a single party’s manifesto. That is where there could be an issue.’ *(p.19)*

‘Having a Chinese wall is quite proper, but not even letting the other side know there’s a Chinese wall in place ... that would feel ... well, I wouldn’t be able to do that. Without a doubt that would be improper. You’d either have to say, “If you want separate advice, either I’ll do it and someone else will serve the other [party]”, or “I’m going to tell the other party I’m giving you some separate advice but there’s a base load of common advice.” ’ *(p.20)*

‘We don’t want to grind ourselves to a halt by our own paranoia about the purpose of helping the current government of the day with their current policies.’ *(p.27)*

‘[There is a risk of] planning blight, that people don’t push out into more difficult, controversial territory. I think there is a risk of that.’ *(p.27)*

‘It’s going to get more and more difficult for civil servants to know what the right thing is to do, and therefore I do think that clearer guidance about what the rules are, how you deal with requests from different parties within a department, how you make sure that you are giving adequate support to the range of ministers that you are supporting while at the same time recognising that there are two different parties, will be really, really helpful.’ *(p.24)*

‘There would have to be something worked up centrally – you couldn’t have different departments taking different approaches. There’d have to be a view from the very top of the Civil Service about what was to be done and what good practice would look like.’ *(p.38)*

‘We need guidance on what to do if the coalition parties are talking about post-2015 policy, what to do if parties want work done on that, and when to talk to the Opposition ... We need the Cabinet Office’s guidance on that.’ *(p.38)*

‘It’s a real test for the Civil Service. Can you imagine what the reputation of the Civil Service would look like if you have Lib Dems in or out of government saying, ‘These rules were set in place and the

Civil Service failed'? There's a real risk of perception of political bias, even if inadvertent, which would not be good for the Civil Service.' (p.37)

'Personally I don't think you've got much choice but to say that if both the Liberal Democrats and the Conservatives are in government, and if you're treating them in a consistent way with how you treated Labour before the last election, then we should be able to provide advice to both of them – at the very least factual advice, factual information, that they request – and that they have the right to ask for that advice privately.' (p.24)

'I think that's where coalition is a bit different, potentially ... There is a genuine question of fairness within a system if you have two out of three people potentially getting a greater level [of support].'  
(p.43)

'There's probably a broader challenge of what kind of political system the UK wants. If you've got three groups of people trying to put forward sensible propositions, don't you want them to have access to a base set of information? To use an analogy: if you were bidding for a competition for procurement, you wouldn't have different information bases; you'd have a common set of information that all bidders would have access to.' (p.43)

# Introduction

This report explores certain challenges that Whitehall and Westminster will face during Year Five of the Coalition. We address the specific question of how the Civil Service should support the two coalition parties in the final year as each seeks to develop its own policy plans and manifesto in the run-up to the 2015 general election. While the parties will increasingly focus on the electoral battle ahead, they must also continue to work together in government, so a further challenge is to ensure that support for the two parties as distinct entities does not undermine the Coalition's ability to take necessary decisions and govern effectively up until polling day.

Year Five will also see the opening of formal channels of communication between the Civil Service and the Opposition, through pre-election contacts. In a parallel report, we consider how these interactions should work this time around, drawing on lessons from previous pre-election periods and taking into account the context of coalition.

In 'normal' circumstances, the Civil Service in the final year of a parliament prepares principally for two possible scenarios – the continuation of the government of the day, or a switch of power to the official opposition. And in many cases, one of the outcomes is clearly the more likely (for instance, a change in 1997, no change in 2001), which can help to focus minds in Whitehall. This time, things are different. There are numerous possible governments that could be formed in May 2015, and arguably the only certainty is that there will be a transition to a new government. Even if another Conservative-Liberal Democrat coalition is formed, this would in effect be a new administration negotiated afresh rather than a continuation of the current partnership, since the two parties will not campaign as a coalition, and may well have very different ideas of how things should work second time round.

Other possible post-election outcomes include the formation of a Labour-Liberal Democrat coalition (perhaps with a different deputy prime minister), a majority Conservative or Labour government, or a minority administration of either colour, potentially with a more limited co-operation or 'confidence and supply' agreement with one or more smaller parties.

The unpredictability of the political game is exacerbated by the presence of several new wild cards in the deck. First, the outcome of the 2014 Scottish independence referendum could dramatically affect the Westminster election campaign and the government formation process. If Scotland votes for independence this September, there could be constitutional and political turmoil, should a UK government take office whose majority depends on Scottish MPs, who would be expected to leave the Commons if Scotland secedes. And whichever way the referendum vote goes, there is a possibility of a larger Scottish National Party bloc arriving in Westminster in spring 2015, which could hold the balance in a hung parliament. In addition, while few expect the UK Independence Party to win many, if any, seats in the Commons in 2015, its intervention could significantly influence the outcome in many constituencies. There is also no precedent for how the Liberal Democrats' tried-and-tested approach to local campaigning will work now that they are a party of government rather than opposition.

The combination of these factors has led to an unusually uncertain period in British politics, with a wide range of electoral and government outcomes possible next May. For Whitehall, and for all parties aspiring to have a say in government after 2015, the task of pre-election preparation is made more complex as a result.

Our starting point is that whichever party, or parties, holds power after the next election, it is in the public interest that the new administration has a well thought-through, accurately costed and implementable policy programme, and that the Civil Service is well prepared to support the new government from day one. What does this mean for the relationship between Whitehall and the parties in Year Five? What new processes or systems could help to improve the quality of policy thinking among all parties? And what specific mechanisms might be needed to disentangle the ongoing business of coalition government from the separate policy development taking place within the two parties of government?

### ***The context of coalition***

Within government, the Civil Service must maintain a clear divide between government and party business, with officials barred from party-political tasks such as manifesto writing. However, in the latter period of a single-party administration, officials will often be asked to carry out analysis or provide advice on policy ideas that the party of government is considering for its manifesto. Indirectly, and entirely properly, civil servants therefore help the incumbent (party of) government to formulate and refine its plans for the next term. Prior to the 2005 election, for instance, the Labour government published a series of five-year strategies for different public services, which were developed with significant civil service input but were manifestly statements of intent for Tony Blair's third term, and helped inform Labour's manifesto development.

In a coalition things become more complex, since the two governing parties will be developing different policy plans for their manifestos. In areas of disagreement – such as further welfare reform, the UK-EU relationship, immigration policy, aspects of schools reform, political and constitutional change – it is unavoidable that there is no single government line that civil servants can be called on to develop as part of their function of policy advice to the ministers of the day. Indeed, departments or even individual officials can instead find themselves asked by ministers for support to help develop contrasting policy positions, and to keep certain aspects of the policy development process confidential from the other side of the Coalition.

This context poses a distinct set of challenges for Whitehall, and raises the question of what form of support to the two coalition parties the Civil Service should provide. Should the Civil Service explicitly and separately support manifesto development for each coalition party, or should it withdraw from policy formulation discussions in areas of clear partisan disagreement? The risk of the latter approach is that sufficient forward thinking does not take place within government, and that the Civil Service is cut out of important conversations about future policy agendas. From the parties' perspective there is also a risk that policies find their way into manifestos without sufficient testing on affordability and implementability grounds. And in the event of another high-pressured coalition negotiation process after the next election, the further danger is that under-scrutinised policies find their way into a binding programme for government.



From the perspective of effective government, it may therefore be sensible for the Civil Service to play a role in supporting and informing separate policy development processes within the two coalition parties – distinct from the continuing policy advice provided to the Coalition as a whole. But how should such a system be designed, and what principles should underpin it? And if support is to be more explicitly provided to the governing parties, should not a similar offer be made to the major opposition parties, to ensure fairness, but also to raise the quality of policies of all parties that may hold power or influence after 2015?

This is the set of issues that we consider in this report. Our research includes nearly 30 interviews with senior officials and advisers across Whitehall, in which we have explored different perspectives on how coalition is working at present, what challenges are likely to arise in Year Five, and how the system should adapt to meet them. Our conclusions rest also on the large evidence base compiled at the Institute for Government over the past four to five years, from studies of government transitions, coalition government in the UK and overseas, and our wider research into policy-making in Whitehall and in opposition.

In addition, we draw insights from a series of case studies that have looked into relevant systems for informing policy development in four other countries. We are influenced in particular by experience in Scotland during the 1999-2007 coalition, where a system called ‘separate space’ was created, through which the Civil Service provided support through distinct, confidential channels to all four major parties for the final six months before the election.<sup>1</sup> We draw too on a parallel report looking into pre-election contact with the Opposition before 2010,<sup>2</sup> and we consider how that mechanism should be integrated or aligned with systems for supporting government parties.

The structure of the report is as follows:

- We first discuss the challenges likely to arise in Year Five, based on evidence of how the Coalition has functioned to date, in terms of how the two parties are supported to develop their own policy positions in areas of disagreement, and we identify lessons that can be learnt from this experience for the final year. We conclude this section with a discussion of the main risks that Whitehall faces up until May 2015.
- The next section discusses lessons from Scotland, Wales, Ireland, the Netherlands, Australia and New Zealand, as well as from past operation of Whitehall’s systems of pre-election contact with the Opposition.
- And finally, we set out the options and our views on how Whitehall should adapt in the final year to ensure that there is effective government up until election day, and that sufficient support is provided for the development and testing of future policy plans for all major parties.

---

<sup>1</sup> Paun, A., and Munro, R., *Separate Space: The Final Year of the Scottish Coalition 1999-2007*, Institute for Government, 2014.

<sup>2</sup> Haddon, C., and Varma, S., *Pre-election Contacts Between the Civil Service and the Parties: Lessons from 2010*, Institute for Government, 2014.



# The Coalition in Year Five

## ***Hurdles before the finishing line***

As the UK Coalition approaches its final year in office, one question asked from time to time is whether the Government will in fact last all the way until May 2015. In both parties, senior figures have suggested that the option of an early split should be considered. For instance, the former Defence Secretary, Liam Fox, said in December 2013:

The Coalition was only ever a marriage of convenience. Three years into it, the respective partners are doing it only for the kids, preparing for an inevitable divorce. The only question is whether it will be of the rarer, amicable sort, or the more common, acrimonious variety.<sup>3</sup>

A few months earlier, Vince Cable, the Liberal Democrat Business Secretary, had also raised the possibility of an early separation, stating that this was 'certainly possible' before noting that his party had 'not yet had those conversations'.<sup>4</sup>

So far, such ideas have remained at the margins. The leadership of both coalition parties are clearly committed to a full five-year term – and international evidence supports their instinct that an early split is unlikely to be a sensible electoral strategy. Yet many coalitions do fall before the scheduled end of their term, despite the best intentions of their leaders.

According to those who have witnessed at first hand the collapse of coalitions in countries such as Ireland and the Netherlands, warning signs to look out for include an increase in leaks from within government, coalition parties making unexpected public attacks on each other, poor communication between the parties, and political desperation within one or other party (driven by poor polls). A further risk is that unexpected events – such as economic problems – require decisions to be taken in an atmosphere where goodwill and trust have dissipated such that compromises can no longer be reached.<sup>5</sup>

It is almost inevitable that the final year will see more regular and more open disagreement. The coalition parties are already engaged in a transparent strategy of political differentiation. This in itself is no great cause for concern, and reflects a natural part of the cycle of coalition government. But if poorly handled, this necessary process of political disengagement risks undermining the stability and effectiveness of government in the final year.

## ***Calving away from the coalition iceberg***

While the coalition partners may have increased incentives and opportunity to drift apart in the final year, the Government will also need to remain united and able to take collective decisions in key areas of immediate business that cannot be deferred. Notably this applies to budgetary decisions, foreign policy, negotiations at the EU level, one-off decisions such as

<sup>3</sup> Hope, C 'Conservatives resent being in a coalition, says Liam Fox', *The Daily Telegraph*, 29 December 2013. Available here: <http://www.telegraph.co.uk/news/politics/conservative/10541376/Conservatives-resent-being-in-a-Coalition-says-Liam-Fox.html>

<sup>4</sup> 'Vince Cable says Lib Dems could quit coalition before 2015', *The Huffington Post*, 17 September 2013. Available here: [http://www.huffingtonpost.co.uk/2013/09/17/vince-cable-coalition-split\\_n\\_3939036.html](http://www.huffingtonpost.co.uk/2013/09/17/vince-cable-coalition-split_n_3939036.html)

<sup>5</sup> '50 ways to leave a coalition and how to govern in the final phase', event held at the Institute for Government, 28 November 2013, Available here: <http://www.instituteforgovernment.org.uk/events/50-ways-leave-coalition-%E2%80%93-and-how-govern-final-phase>

major public appointments, the Scottish referendum, and keeping focused on the implementation of agreed policy. In addition, there is always the chance of unexpected events and crises that require an effective governmental response. Voters' assessment of the Government's competence is of equal importance to both parties. One official highlighted this:

They don't want the stream of stories of this next year to be you failed on this, failed on that, failed on the other.<sup>6</sup>

The parties' interest in ensuring that policies they committed to in the programme for government are effectively implemented provides incentives to keep the coalition machinery in good working order. As one interviewee told us:

One thing both parties want to say to the electorate is, 'We are competent' ... The end stage of a coalition government refracts differently on political policy and strategy – where there's obviously a need for a certain amount of differentiation – than it does on delivery.<sup>7</sup>

At the centre of government, the Implementation Unit therefore plays an important role, and continues to report to both parties on progress with agreed coalition policy plans as set out in the original programme for government and the mid-term review of January 2013. This, we were told, reminds people to ask themselves: 'Is there anything we've forgotten about, that isn't happening, that we should care about?'<sup>8</sup>

Likewise the Major Projects Authority was established to keep departments focused on effective management of large reform and procurement projects, on behalf of both sides of the coalition, and through its annual report and traffic-light ratings of progress, to keep the minds of ministers and officials on existing commitments.

The centre also plays a vital role in resolving disputes between the two parties that can't be solved in departments. One official told us that, when relationships broke down between the two sides:

The only way things got worked out was through [the Cabinet Secretary, Sir] Jeremy Heywood getting involved and the Quad, and it was really just striking that when officials couldn't sort it out ... basically it just took Jeremy and the Quad meeting to get anything done.<sup>9</sup>

At the same time, other parts of the centre have become more divided along party lines than in the earlier period of the Coalition. In particular, the Number 10 Policy Unit, which was originally staffed by civil servants and worked on agreed coalition policies, was restructured in April 2013 and is now led by a Conservative MP. This is seen as having 'politicised' the unit:

The Policy Unit is now a mixture of civil servants, but also Conservative special advisers, whereas in the first days of the Coalition it was cross-party ... I think that was a deliberate decision ... to make sure that Conservative policy was being developed.<sup>10</sup>

---

<sup>6</sup> Interview COA17, January 2014.

<sup>7</sup> Interview COA17, January 2014.

<sup>8</sup> *Ibid.*

<sup>9</sup> Interview COA12, January 2014.

<sup>10</sup> Interview COA14, January 2014.

Meanwhile the Liberal Democrats have their own smaller research and analysis unit, based in the Cabinet Office and reporting to the Deputy Prime Minister. This unit is used primarily for 'proactive' policy work, including around the Deputy Prime Minister's social mobility agenda.<sup>11</sup> One official told us that the establishment of these separate policy units for each party:

... means that there is a clearer differentiation in policy space between a Conservative supporting function and a Liberal Democrat supporting function.<sup>12</sup>

Another senior Whitehall figure likened coalition government in the final year to an iceberg floating into the warmer waters of the electoral campaign: a number of policy areas will gradually 'calve off' from the shared agenda, but the heart of government business – the 'core of the iceberg' – must remain intact.<sup>13</sup> But on those policy areas that do calve off, ministers will increasingly speak as party-political players, focusing on setting out their party's vision for the next parliament, and raising questions for civil servants about how much support they should provide to the two parties in this context.

### ***Supporting the two parties***

To some extent these are not new issues. Since the start of the Coalition, Whitehall has faced challenges in ensuring that the two governing parties receive the appropriate level of support. One early issue that arose was whether the Deputy Prime Minister had sufficient support to enable him to maintain what was described in the Coalition Agreement for Stability and Reform as 'a full and contemporaneous overview of the business of government'.<sup>14</sup> The Institute for Government concluded early on that the Deputy Prime Minister's private office was underpowered, and by the end of 2010 additional official support had been allocated to enable him to manage the large flow of official paper and to help him advance his priorities through the Whitehall machine.

What this change did not address was the continuing weakness of the Liberal Democrats in departments where they had little or no ministerial presence. In recognition of these challenges, it was agreed in November 2011 that five additional 'departmental' special advisers would be appointed to the Deputy Prime Minister's team to cover the 13 major policy departments led by a Conservative secretary of state.<sup>15</sup>

To clarify the status of these advisers, the Cabinet Secretary wrote to the permanent secretaries of all affected departments setting out the rules of this new system. The 'key function' of the advisers, it was stated, was to work 'with the relevant Conservative secretaries of state to take account of Liberal Democrat policy positions at an early stage in

<sup>11</sup> Interview COA26, February 2014.

<sup>12</sup> Interview COA17, January 2014.

<sup>13</sup> Interview COA25, February 2014.

<sup>14</sup> [Coalition Agreement for Stability and Reform, 2010.](#)

<sup>15</sup> A total of five advisers were appointed to cover the following departments: Department of Health and Department for Work and Pensions; Home Office and Ministry of Justice; Department for Communities and Local Government, Department for Transport and Department for Environment, Food and Rural Affairs; Department for Education, Department for Culture, Media and Sport, and the Cabinet Office; Foreign Office, Ministry of Defence and Department for International Development.

policy development'. Advisers were to be given access to departmental 'buildings, papers and the requisite facilities', such as a desk, email and network access.<sup>16</sup>

In practice, we were told, the implementation of these guidelines has varied across departments, with some being more open to these departmental advisers than others. Insiders reported dramatic differences, in part due to contrasting attitudes adopted by different secretaries of state. In one case, we were told of a written instruction being sent out by the secretary of state that officials should not meet or share information with the Liberal Democrat side without explicit written consent. Consequently, the Liberal Democrat side sometimes only got to see policy documents at a late stage in the process, once they had been shared with other departments. In another department, by contrast, the secretary of state had ensured that all private office staff were instructed to be open with the Liberal Democrat adviser and to copy them in to email correspondence about draft policy submissions.<sup>17</sup> In this case, the adviser was also able to participate in regular ministerial meetings in spite of the absence of a Liberal Democrat minister.

In a third department, we were told of cultural – rather than deliberate – barriers to ensuring that the Liberal Democrat side was kept engaged. Some policy officials took time to get used to copying the Liberal Democrats into correspondence, and to see them as 'part of the furniture' of the department, to be included in day-to-day business.<sup>18</sup> An official in a fourth department recognised the potential for the Liberal Democrats to be shut out of discussions by oversight, and the need for senior officials to keep a watch on whether the rules were followed:

There's also a Lib Dem special adviser in Nick Clegg's office who gets the papers, and efforts are made to make sure that they get access to all the papers, [but] certainly there have been occasions when civil servants such as myself have been reminded to make sure that we don't forget.<sup>19</sup>

### ***Coalition management at the departmental level***

We also observed a good deal of variation in the way different departments strike a balance between shared coalition work and creating separate party spaces. Several departments we spoke to reported maintaining a collegiate approach to coalition politics, with weekly meetings of the ministerial team and open discussion of policy work:

[We have] pretty disciplined meetings once a week [...] with all ministers and DGs [Directors General] and the Perm Sec, and things are shared at that. They have a list of the [...] big things the department is doing at the time, and that's shared pretty openly – there's no 'let's discuss this before [the junior minister] comes in' discussions.<sup>20</sup>

One official suggested that his team of coalition ministers met more frequently and was more 'united' than the previous single-party team.<sup>21</sup> In many parts of government, we were told, key decisions are discussed collectively and agreed openly, and there is a clear and well-

<sup>16</sup> Letter from Cabinet Secretary to permanent secretaries, 'Liberal Democrat Special Advisers', 21 November 2011.

<sup>17</sup> Interview COA16, January 2014.

<sup>18</sup> Interview COA26, February 2014.

<sup>19</sup> Interview COA21, January 2014.

<sup>20</sup> Interview COA15, January 2014.

<sup>21</sup> Interview COA21, January 2014. See also COA22, January 2014.

enforced principle that all submissions and papers relating to policies should be copied to all ministers.<sup>22</sup>

But in other departments (led by secretaries of state of both parties), we found evidence that officials were asked to provide private advice that was only for the eyes of the secretary of state, and not shared with junior ministers of the other party (and sometimes not with their own party either):

We are often ... providing things sometimes for one or the other [minister] without copying in the other minister[s] in the department. That's quite an uncomfortable place for us to be.<sup>23</sup>

There are occasions ... where you do a bit of advice, particularly for the secretary of state ... where they, as the most senior minister, basically say, "We want you to do this and we don't want you to share it with anybody yet. This is a piece of advice for me."<sup>24</sup>

This official explained that often they would provide the secretary of state with some advice in order for them to develop their own private thinking and to reach a position, 'particularly when it's starting to get quite political', before sharing this with the wider ministerial team, apparently due to a lack of trust between the secretary of state and at least one junior minister.

Officials in two other departments described similar processes, whereby they would provide private advice to the secretary of state on the basis that it was for their private thinking space, but with the expectation that it would later be shared:

They might want to explore an idea, see if it makes sense – it might be perfectly sensible for them to have some advice on whether this is a sensible idea or not before they share it more widely. But could they then progress it without consulting their colleagues? No.<sup>25</sup>

[We provided private advice] but that was for scoping something that was then going to be shared at the ministerial meeting. So, to give a week or two's thinking space, here's a tricky policy issue, not sure how [the other party] will handle it, could you just go and think about it and give me a note on it, and then on that basis I'll go and talk to the [other party].<sup>26</sup>

Private work carried out for one minister (usually the secretary of state) takes place in any government. The risk in coalition is that there may be deliberate attempts to shut out the other party, leading to strained relationships and disjointed policy-making, as well as blurring the line between government and party-political business.

In a single-party government, officials may well be asked to support ministers in developing policy ideas that are destined for party-political outlets. One official explained:

Ministers at any stage, while they're in office, can ask for policy advice on something ... They don't say, 'We're interested in some ideas for party conference announcements – can you work some stuff up.' They say, 'Our minister is thinking of, he'd like you to explore A, B and C – there may be an

<sup>22</sup> Interview COA11, January 2014; Interview COA10, December 2013; Interview COA15, January 2014; Interview COA20, January 2014.

<sup>23</sup> Interview COA08, December 2013.

<sup>24</sup> Interview COA23, January 2014.

<sup>25</sup> Interview COA21, January 2014.

<sup>26</sup> Interview COA15, January 2014.

announcement in this kind of time frame' ... It's incredibly easy, you just have to ask the right questions, because it's always your right as a minister to request advice from the Civil Service.<sup>27</sup>

But in the context of coalition government, it is harder to judge the propriety of providing advice to one side only, leading less senior officials to look for clear leadership on how they should engage with the two parties:

[Unlike before the last election], no one is working on the basis that ideally the Coalition continues post-election, so I think it then suddenly becomes more obvious than it did before when you're, for example, asked for advice on something which looks like it's very much about Tory party policy for the next parliament ... What we've tended to do on things where it seems pretty obvious that it's not something that's going to be agreed under this government is to provide factual advice but try to keep it more minimal. But again the Permanent Secretary's office has been quite involved in that ... We have always made sure that the Permanent Secretary's office has OK'd it.<sup>28</sup>

The challenge might come if officials thought they were being asked to work up ideas where it was completely implausible these might be pursued as part of a collective, agreed plan, and were in fact intended as the expression of a single party's views, or to contribute to a single party's manifesto. That is where there could be an issue.<sup>29</sup>

Another described asking the secretary of state's private office whether they could share private advice with junior ministers:

We always took our marching orders from the [secretary of state]. So you might say to a special adviser ... 'I know this is very difficult and very sensitive.' At various times there were conversations one way or the other, with us saying to them or them saying to us, 'I really think this is the time, let us widen this out' ... We very rarely got the answer we shouldn't share it, but we sometimes got the answer, 'We know we need to share this, but we don't need to share it now – it's not at a stage where we're comfortable doing it.'<sup>30</sup>

Other officials said that while they were happy to support their secretary of state on areas that were their responsibility as head of department, they were worried about being asked to provide competing advice to the two parties, or even working on a policy to which one side of the Coalition was fundamentally opposed:

Provided that the Permanent Secretary is saying, 'At this point in time what we are doing is serving our secretary of state in [the] Budget negotiations', that is [the secretary of state's] responsibility – it is fine for you to [provide advice] ... I think if we were getting to the 'we are developing policy in a very political way' [stage], then yes absolutely I would think that would be quite difficult.<sup>31</sup>

The difficult fuzzy area for all involved comes when you're asked to work up something when you know [...] the other party of government is opposed to [it].<sup>32</sup>

Another interviewee told us that requests for separate advice did occasionally put civil servants in a 'difficult position', particularly where they were being asked to provide advice to

<sup>27</sup> Interview COA20, January 2014.

<sup>28</sup> Interview COA13, January 2014.

<sup>29</sup> Interview COA19, January 2013.

<sup>30</sup> Interview COA19, January 2014.

<sup>31</sup> Interview COA23, January 2014.

<sup>32</sup> Interview COA19, January 2014.



a secretary of state on a policy area that was part of another minister's portfolio, without consulting the other minister.<sup>33</sup>

### ***Support for the 'other' party in the department***

Most officials we spoke to accepted the right of a secretary of state to request information and advice for their own private thinking space, while also recognising some of the tensions that this could lead to. However, what is less clear is whether less senior ministers – particularly those not from the secretary of state's own party – are entitled to make similar requests.

Indeed, there appears to be a fair amount of variation in terms of what status ministers from the other side are deemed to have within departments. As noted, there are some departments where, we were told, all ministers are treated as part of a unified leadership team. And there are other departments where each has a more defined portfolio and is expected to stick more closely to their own brief. These differences reflect partly the personal style and degree of openness preferred by the secretary of state, and partly the nature of the department. Some larger and more complex departments are more internally segmented between policy areas, while others have a higher degree of interdependency between the various individual ministerial portfolios, requiring a collaborative approach.

Junior ministers themselves can adopt different approaches. Some may be more content to focus on their specific portfolio – and perhaps one or two key policy priorities – while others (particularly Liberal Democrats in large Conservative-led departments) may seek to act as the eyes and ears of their party across the full policy responsibilities of the department, with what might be described as an enhanced 'political escalation route' to their party leader in the event of disagreement. This function is sometimes described as the role of 'watchdog minister', and can come with expectations of greater official support than a normal minister of that level of seniority would receive. In one case we were told:

Both of [the junior ministers] said when they came here that they had their portfolio but they wanted to look across the whole department because part of their job was to ensure that what the whole department did was in line with [their party's] policy. And certainly we treated them that way ... Most ministers get copies of most submissions – we make sure that [junior ministers] get everything.<sup>34</sup>

Nor is it clear what right a junior minister from the 'other' party has to request confidential information or advice from officials to support their party's policy thinking, leading to practice varying across departments. In more than one case, officials reported that advice would be provided separately to the two parties.<sup>35</sup> In one case, we were told that while both sides can request specific advice, the Permanent Secretary would police any advice provided in this way to check that it didn't overstep the mark by undermining current government policy.<sup>36</sup>

To a significant extent, the secretary of state can determine how far the department should support policy development for the other side. One official told us that, in some departments, junior ministers could request confidential information on factual aspects of policies, such as risk, costs and implementation timetables, but that that access was in the gift of the

<sup>33</sup> Interview COA23, January 2014.

<sup>34</sup> Interview COA15, January 2014.

<sup>35</sup> Interview COA03, December 2013.

<sup>36</sup> Interview COA02, November 2013.

secretary of state.<sup>37</sup> Another told us that the junior minister would have to request private advice through the secretary of state's office. There had been some 'pushback' on that practice – partly from the secretary of state refusing to allow private advice, but also from the junior minister saying, 'I want my own advice', without having to go through the secretary of state.<sup>38</sup> One official argued that providing private channels to the two parties was appropriate but that in such cases transparency was a necessity:

Having a Chinese wall is quite proper, but not even letting the other side know there's a Chinese wall in place ... that would feel ... well, I wouldn't be able to do that. Without a doubt that would be improper. You'd either have to say, "If you want separate advice, either I'll do it and someone else will serve the other [party]", or "I'm going to tell the other party I'm giving you some separate advice but there's a base load of common advice."<sup>39</sup>

In some cases, bespoke policy processes have been set up outside of the normal departmental system to resolve tricky political dynamics. The Alternatives to Trident review is one such example. The coalition agreement stated that while the coalition was committed to maintaining a nuclear deterrent, the Liberal Democrats could continue to 'make the case for alternatives' to Trident. This led to agreement to establish an independent review to inform Liberal Democrat policy development. The review was located in the Cabinet Office rather than the Ministry of Defence, apparently at the request of the Liberal Democrats. One insider explained the rationale:

It's not a single department providing advice to a party – it was kind of almost swerving that difficult question of how does a department provide advice to more than one political master, because actually the people providing the advice were sat in a different department than the Minister of Defence.<sup>40</sup>

### ***Collective responsibility in the final year***

According to the Coalition's 2010 rulebook, the Coalition Agreement for Stability and Reform: 'The principle of collective responsibility, save where it is explicitly set aside, continues to apply to all government ministers.' This requires 'decisions of the Cabinet to be binding on and supported by all ministers'.<sup>41</sup> Collective responsibility can also be interpreted as placing an obligation on all ministers to 'present a collective front to the public and the media'.<sup>42</sup>

In practice, however, the UK Coalition has operated on the basis of a looser definition of collective responsibility, where public disagreement is accepted as the norm, and even defended as a more transparent and healthy way of airing disagreements. On quite a number of occasions, ministers have stated publicly their opposition to aspects of government policy to an extent that would be unusual in countries such as Germany, the Netherlands and Sweden. Examples of public disagreement with established coalition policy include the Business Secretary's open celebration of the Government's failure to meet its Conservative-inspired immigration target, and the Conservative John Hayes's public

<sup>37</sup> *Ibid.*

<sup>38</sup> Interview COA13, January 2014.

<sup>39</sup> Interview COA10, December 2013.

<sup>40</sup> Interview COA18, January 2014.

<sup>41</sup> [Coalition Agreement for Stability and Reform, 2010.](#)

<sup>42</sup> House of Lords Select Committee on the Constitution, [Constitutional implications of coalition government](#), 2014, p. 21.



opposition to continued expansion of wind farms while Energy Minister.<sup>43</sup> As differentiation ramps up in Year Five, one government source suggested, there will be a growing need for careful management and regular communication to avoid unexpected surprises that can lead to an increase in tension and mistrust between the two sides.<sup>44</sup>

There have also been a number of formal suspensions of collective responsibility during the Coalition. The 2010 programme for government set out areas where it was agreed that the parties could adopt different positions, though in some cases this has not subsequently occurred. For instance, on the issue of raising higher education fees, the Liberal Democrats negotiated the right to abstain in parliamentary votes, but then opted to back a compromise coalition line, with well-known political consequences.<sup>45</sup> Likewise, on the construction of new nuclear power stations, the Coalition has not followed through on its original plan for the two sides to part ways in the Commons. On other issues, including during the AV referendum campaign, on transferable tax allowances for married couples, and on the renewal of Trident, where the Liberal Democrats were entitled to 'continue to make the case for alternatives', the initial agreement to loosen collective responsibility has been upheld.

In addition to these planned exceptions to coalition unanimity, there have been at least four issues on which collective responsibility has had to be formally suspended in response to events and disputes. First, there were the parliamentary votes on implementing the planned changes to constituency boundaries in January 2013, following the Liberal Democrat decision to block these changes in retaliation for the failure of plans to reform the House of Lords. A second case came in the response to the Leveson report, when the Prime Minister and Deputy Prime Minister gave contrasting statements to the house on media regulation. Later during the all-party negotiations on media reform, there were two further points at which the parties formally parted ways – when a draft version of the planned Royal Charter was published in February 2013 with Conservative backing only, and then when the talks broke down in March 2013 and the parties prepared to vote for competing legislative amendments. More recently (in July 2013 and January 2014 respectively), ministers from the two parties took different positions in parliamentary votes on the Conservative-backed private member's bill on a referendum on EU membership, and on a proposed amendment to the Government's immigration bill.<sup>46</sup>

Insiders explained to us that a formal suspension of collective responsibility is required in two particular situations: when ministers are taking different positions in Parliament (either in divisions or via competing ministerial statements, as on Leveson), or when something is being published as a government document but only has the backing of one side (as with the draft Royal Charter). Any such decision to lift collective responsibility, we were also told, must be taken at 'the highest possible level', with the agreement of both party leaders, and for a specific purpose and limited time period.<sup>47</sup>

<sup>43</sup> <http://www.theguardian.com/uk-news/2014/mar/06/coalition-war-vince-cable-tory-immigration-target>; <http://www.telegraph.co.uk/earth/energy/9644558/Death-knell-for-wind-farms-Enough-is-Enough-says-minister.html>

<sup>44</sup> Interview COA04, December 2013.

<sup>45</sup> House of Lords Select Committee on the Constitution, op. cit., p. 23.

<sup>46</sup> 'EU Referendum: MPs call for public to have their say', BBC News, 5 July 2013; <http://www.bbc.co.uk/news/uk-politics-23186128> Watt, N., 'Tory immigration rebels deal blow to David Cameron's authority', The Guardian, 30 January 2014. <http://www.theguardian.com/uk-news/2014/jan/30/tory-immigration-rebels-deal-blow-david-cameron-authority>

<sup>47</sup> Interview COA01, November 2013; Interview COA02, November 2013.

These incidents have set precedents for the final year of coalition. Already the coalition parties have started to distance themselves from existing government policy and to set out policies that they would pursue in the next parliament. One interviewee suggested that as the parties find it harder to reach agreement, they will look for new ways to get things done; the final year may therefore see more formal breaks with collective responsibility, for instance if the limited quantity of coalition legislation leaves more space for private members' legislation that gains the backing of just one side of the Coalition.<sup>48</sup>

As far as the Civil Service is concerned, the challenging question is how to provide support to the two sides when collective responsibility has been set aside, meaning there is no government position to support. During the cross-party talks on the response to Leveson, this issue had to be confronted. The approach adopted was for officials to provide a single channel of information to all parties. However, in the latter phase of the process, the talks broke down and, for four days, there was a need for civil servants to provide separate channels of advice to the two sides of the negotiations (with Labour kept informed via the Liberal Democrats). The principle followed was that officials would restrict support provided through these channels to factual information only, leaving special advisers to develop arguments and negotiating lines for their respective ministers. Furthermore, it was seen as crucial that there was a single team of officials servicing both sides, avoiding the spectre of teams of officials working against each other.<sup>49</sup> This was nonetheless an unfamiliar and demanding position for officials to be in, and required close involvement and co-ordination from the centre of government.

Other insiders told us of another high-level policy disagreement where the lead department continued to provide a shared evidence base to both sides, while at the centre the Prime Minister and Deputy Prime Minister were given access to separate channels of advice to inform their negotiating positions. One interviewee said that this process had protected civil servants from being pulled in two different directions by competing political pressures:

It's easier if there's a structural division on an area that's politically [...] divided ... It's just quite hard, frankly even physically, to write a submission that is completely pointing in two directions the whole time, so I think the structural split is necessary when you get to the really political stuff.<sup>50</sup>

### ***Civil service input into manifesto development***

As set out in the Civil Service Code, civil servants must not 'act in a way that is determined by party-political considerations, or use official resources for party-political purposes'.<sup>51</sup> Civil servants therefore do not directly contribute to party manifestos. However, as interviewees recalled, ministers in previous single-party governments have often used information and advice from their officials to feed into new policy development:

There is a very clear rule that you don't do work for the governing party on its manifesto. But as the election approaches there is always a grey area that develops between the ongoing work of

<sup>48</sup> Interview COA25, February 2014.

<sup>49</sup> Interview COA05, November 2013.

<sup>50</sup> Interview COA10, December 2013.

<sup>51</sup> Civil Service Code, 2010. <http://resources.civilservice.gov.uk/wp-content/uploads/2011/09/civil-service-code-2010.pdf>

government and future policy. That has always needed to be interpreted with judgement and this will be even more sensitive in the case of a coalition.<sup>52</sup>

One official felt that it would be important for the Civil Service to ensure that it had some input into party manifestos since ‘you don’t want them making up stupid policies’.<sup>53</sup> Another explained:

I think all the leaders in all the departments should be thinking, ‘How do I get myself in the best place to know what I should be doing from 2015? And how do I influence manifestos to ensure that I’m not left with something undeliverable?’<sup>54</sup>

However, coalition presents challenges for officials in ensuring that they can have sight of party policies in the developmental stages if there is a lack of clarity about parties’ rights to request confidential support and input. In Scotland, as the Labour-Liberal Democrat coalition drew to a close before the 2007 election, officials grew concerned that new policy ideas were being developed in party-only spaces, with limited input from the Civil Service:

Ministers, if there were good new ideas, they wanted them for their manifesto rather than to discuss them with the coalition partner. So there was a bit of frustration on our [the civil service] side because we couldn’t get ministers to engage on things like that.<sup>55</sup>

Some Whitehall-based interviewees expressed similar worries. A departmental official told us that political divisions between the parties can mean that civil servants are ‘frozen out’ of policy development. In his department a piece of work commissioned by the secretary of state would be shared with ministers of the other party. In practice, the secretary of state would not ask for policy advice, because they didn’t want this to be shared with the other side; instead, they used their private office to work up those ideas, cutting policy officials out of the loop. Another official echoed these concerns about civil servants being excluded from party policy development:

The risk is, in a sense, that the Civil Service is cut out of the thinking, and it is not then influencing, helping to guide.<sup>56</sup>

Other interviewees expected civil servants to have input into party policy development:

The way in which I would expect things to happen is that, as we did in the last year of the previous government, if a minister or ministers ask for a piece of analysis or think-piece about prospective government policy, then we could do that. I think what we’d need to be careful of is just ensuring that even-handedness between the two parties.<sup>57</sup>

Personally I don’t think you’ve got much choice but to say that if both the Liberal Democrats and the Conservatives are in government, and if you’re treating them in a consistent way with how you treated Labour before the last election, then we should be able to provide advice to both of them – at the very least factual advice, factual information, that they request – and that they have the right to ask for that advice privately.<sup>58</sup>

<sup>52</sup> Interview COA15, January 2014.

<sup>53</sup> Interview COA20, January 2014.

<sup>54</sup> Interview COA08, December 2013.

<sup>55</sup> Interview A6, September 2013.

<sup>56</sup> Interview COA01, November 2013.

<sup>57</sup> Interview COA21, January 2014.

<sup>58</sup> Interview COA13, January 2014.

Another senior figure emphasised the importance of clarity in the rules in this context of growing political pressures:

I do think it's going to get more and more difficult for civil servants to know what the right thing is to do, with regard to this, and therefore I do think that clearer guidance about what the rules are, how you deal with requests from different parties within a department, how you make sure that you are giving adequate support to the range of ministers that you are supporting while at the same time recognising that there are two different parties, will be really, really helpful.<sup>59</sup>

### **No surprises**

Another reason why clear rules are needed about information sharing and, more broadly, about the terms of engagement between the parties in the final period, is to avoid relations between the two sides deteriorating amid surprise attacks and atrophying channels of communication. Lack of open communication and sharing of information between ministers has already led to breaches of the principle of 'no surprises', which the Institute for Government argued in 2010 should be adopted as a formal principle by which the Coalition would operate.<sup>60</sup>

One very public example of this occurred in September 2013, when the Home Office launched a pilot scheme of anti-immigration 'Go Home' campaign vans. The Liberal Democrats – including their minister of state in the department – had not agreed to the scheme or even been made aware of it, and subsequently vetoed any further use of the vans. One official told us that while not all ministerial decisions require collective agreement, the decision to roll out the vans should have been shared with the coalition partner:

'If it is going to be controversial, cost a lot of money, whatever, then clearly it ought to go out for collective agreement. Arguably those vans should have done.'<sup>61</sup>

Another agreed that any announcement of a policy that costs government money needs to be agreed by the Coalition. By that definition, there was a failure of practice in this case.<sup>62</sup> There have been other occasions where announcements have apparently been made without cross-party consultation, though not to the extent of policy pilots being launched. For instance, David Laws, the Liberal Democrat Schools Minister, publicly attacked the Education Secretary's decision not to reappoint the chair of Ofsted, arguing that it was politically motivated. The legal position is that such appointments are decisions for the secretary of state alone, but this episode illustrated how coalition government creates different expectations of consultation, and how when this does not occur the result can be a loss of trust and breakdown in relations between the two parties.

Another case of one side of the Coalition appearing to surprise the other came in October 2012 when the Prime Minister unexpectedly announced that all energy customers would be put on the lowest possible tariff. An interviewee recalled that this announcement was 'completely on the hoof', leading to 'a complete breakdown in relations', with communications officials in the Department of Energy and Climate Change pressed by their ministers to brief against Downing Street. This insider concluded:

<sup>59</sup> Interview COA17, January 2014.

<sup>60</sup> Paun, A., *United We Stand: Coalition Government in the UK*, Institute for Government, 2010.

<sup>61</sup> Interview COA01, November 2013.

<sup>62</sup> Interview COA02, November 2013.

So on the times when there was either accidental or deliberate unilateralism, then it did cause a huge breakdown in relations.<sup>63</sup>

A similar incident occurred when the Prime Minister announced the rollback of green levies, reportedly giving the Liberal Democrats only half an hour's notice of this change in policy. Again, this caused some tension within the Coalition – as one interviewee told us: 'No one likes being bounced.'<sup>64</sup> While the parties were able subsequently to reach agreement on how to proceed with that policy, those negotiations 'drew on and probably spent some of the remaining political capital' between the parties, and required close management by the Cabinet Office to avoid the dispute spiralling.<sup>65</sup>

On the other side of the Coalition, the Deputy Prime Minister caused a stir – and a degree of concern in Whitehall – when giving a speech in October 2013 that set out his opposition to allowing non-qualified teachers to teach in schools.<sup>66</sup> While one interpretation was that he was speaking as party leader and setting out his position for the future, the speech was nonetheless unusual in that it clearly distanced him from what was at that point agreed coalition policy. Such situations can be perplexing for officials, who may be uncertain what the government line is at that point, and whether they should be supporting the development of alternative positions for the two parties.

One official told us that they were relaxed about their secretary of state making 'political' criticisms of established government policy, but only on the basis that civil servants were not asked to carry out work to support that position. The department would be 'queasy, actually, doing secret work to ambush in advance'.<sup>67</sup> Another official told us that it would be 'tricky' for civil servants if ministers started to criticise government policy or to suggest that they would reverse it after the 2015 election.<sup>68</sup>

International experience of coalition government supports this view. Speaking at an event at the Institute for Government, Noel Dempsey, a former minister in the Fianna Fáil-led Irish coalition government, said in November 2013 that while parties will be keen to 'differentiate' themselves in the final year, they should do this by developing policies for a future government, without criticising their coalition partner or their shared coalition agenda. He added that trust and clear communication between the two parties are vital to the success of coalition. Magnus Wallerå, a representative of the current Swedish 'Alliance' coalition, agreed with this and advised the UK coalition parties in the final year of government to 'fight internally, but unite externally', and to seek compromise on divisive issues.<sup>69</sup>

### ***Planning for the longer term***

Over the final year of the Coalition, while the parties focus on political positioning and manifesto development, Whitehall must ensure that sufficient work is carried out to prepare for future policy development beyond the election. As one official put it to us, departments

<sup>63</sup> Interview COA12, January 2014.

<sup>64</sup> Interview COA10, December 2013.

<sup>65</sup> *Ibid.*

<sup>66</sup> Full text of speech available here: <http://www.libdemvoice.org/in-full-nick-cleggs-speech-on-education-enabling-every-child-to-achieve-a-happy-and-fulfilling-life-36901.html>

<sup>67</sup> Interview COA23, January 2014.

<sup>68</sup> Interview COA11, January 2014.

<sup>69</sup> Noel Dempsey, speaking at the '50 ways to leave a coalition' event held at the Institute for Government, 28 November 2013.

will seek to carry out such work even when it ‘may not be applicable to the priorities of the current ministerial teams’.<sup>70</sup>

The challenge for officials is to find space for this preparatory work even though ministers may prefer the department to retain a focus solely on agreed policies for that parliament.<sup>71</sup> One departmental official told us that ministers are already ‘increasingly keen to put difficult decisions about that [final] year to one side’.<sup>72</sup> A departed official had likewise found that, particularly on long-term decisions, it was difficult to secure agreement:

Increasingly it became harder and harder to make any decision unless you had to, and if there was ever a way to wriggle out of a decision, both sides began to think, well, better to live to fight another day, than lose.<sup>73</sup>

This interviewee predicted that in the final year it will become ‘very difficult to agree anything, unless the decisions have to be made for legal or commercial reasons’.<sup>74</sup>

Insufficient focus on the long term is a common criticism of all governments. However, there are particular difficulties for a coalition, since civil servants must carry out work on policy ideas where ministers may not be merely undecided, but where one part of the government may fundamentally oppose the chosen direction. In one area, an interviewee reported how a lack of agreement between the parties was preventing continuing policy development due to the lack of ‘political cover’ to go beyond what had already been agreed in Cabinet. This led to a concern about:

... planning blight, that people don’t push out into more difficult, controversial territory. I think there is a risk of that.<sup>75</sup>

Another worried that propriety concerns could undermine policy development in the final year:

We don’t want to grind ourselves to a halt by our own paranoia about the purpose of helping the current government of the day with their current policies.<sup>76</sup>

Some officials were more positive about their departments’ ability to work on long-term issues. One expected current ministers to want officials to explore longer-term questions and options, even when the two sides have different positions, and that this would ‘provide cover’ for the Civil Service to start that thinking. While admitting that this would be ‘quite a challenging path to navigate’, this official was confident that their department would get the necessary political backing to make progress with preparatory work:

The truth about it is we are likely to wish to prioritise our time in things which any sensible government at the start of a new parliament would listen to’<sup>77</sup>

But in other areas – such as immigration, further welfare reform and the UK’s relationship with the EU – deep political differences may make policy preparation for the next term a

<sup>70</sup> Interview COA09, December 2013.

<sup>71</sup> *Ibid.*

<sup>72</sup> Interview COA23, January 2014.

<sup>73</sup> Interview COA12, January 2014.

<sup>74</sup> *Ibid.*

<sup>75</sup> Interview COA01, November 2013.

<sup>76</sup> Interview COA24, January 2014.

<sup>77</sup> Interview COA08, December 2013.



challenging task. On one issue, we were told of high-level negotiations about what options officials should and should not be allowed to work on, depending on where overlap could be found between the two sides.

The Government's 'Review of the balance of competences' between the UK and the EU illustrates some of these difficulties. The review is a major, multi-departmental exercise exploring different aspects of what the EU does and how it affects the UK. It ought to provide a solid foundation for the next government (of whatever colour) to develop its EU reform priorities, and several useful reports have already come out of the process. However, despite the fact that the objective of the exercise is simply to develop a shared evidence base – not to set a policy direction – political wrangling has disrupted parts of the review, particularly on the issue of free movement of labour, the evidence paper on which has been delayed for several months. While in part a reflection of traditional departmental splits – between the Department for Business and Skills, the Treasury and the Home Office – the difficulties in this area also map on to a deep divide between the two sides of the Coalition.

In other areas, politically tricky decision points have been conveniently pushed beyond the May 2015 election. This is the case on Trident renewal and the development of new airport capacity in the south-east, for instance. In such cases, one official argued, it would be advisable to engage more extensively than usual with the Opposition prior to the election to ensure that whatever government is formed is up to speed with the issues and ready to take the decision at the scheduled point rather than opting for further delay.<sup>78</sup>

Another official agreed that the Opposition should be given greater access to data or other factual information relating to government policies, particularly in the case of long-term infrastructure programmes, where post-election changes of direction can be costly:

*It is difficult for a long-term infrastructure department – our budgets and commitments don't coincide with the end of the parliament ... I'm not saying you can volte-face on borders strategy or immigration overnight ... but it is slightly more adaptable to it.*<sup>79</sup>

### ***Excessive reliance on personality and relationships***

A common theme in interviews was that departments are fundamentally 'personality driven', and that the leadership of a department will set the tone that filters down.<sup>80</sup> The attitude of secretaries of state can either encourage collaboration and openness, or make officials lower down cautious and risk-averse in terms of how they should interact with the two parties. Another interviewee echoed this, saying:

*I cannot emphasise enough the importance of the individual personalities and the relationships.*<sup>81</sup>

The lack of clear guidance, and reliance on contingent factors such as personality and relationships, is in many ways typical of Whitehall, which often displays an instinctive antipathy to codification and formalisation. In some respects, of course, flexibility is a strength. Departments do face different challenges in making coalition work, and practice should be able to adapt accordingly. But this can go too far, and the present risk is that in a period of increasing political competition and division there is too much room for confusion

<sup>78</sup> Interview COA18, January 2014.

<sup>79</sup> Interview COA09, December 2013.

<sup>80</sup> Interview COA26, February 2014.

<sup>81</sup> Interview COA20, January 2014.

and variation in how departments support the two parties, which could undermine the effectiveness of the Government and its ability to take necessary decisions in the final period.

If relationships between the two parties are at risk of eroding further in the final year, so too are relations between the parties and the Civil Service. In one department we were told of a policy team that the Liberal Democrats did not trust, due to a perception that in that area officials were working to an exclusively Conservative agenda.<sup>82</sup> Another interviewee concurred that declining trust levels were a concern, and felt that clearer guidance was needed:

I just think the levels of trust aren't there that there might have been in the past, between ministers and the Civil Service. I think in the past there was a sort of assumption that the Civil Service would do the right thing, but the demands of transparency are much more intense now, and that pushes you to be a bit more formal ... You can't rely so easily on word of mouth and verbal agreements, so I think a bit more clear guidance [is needed].<sup>83</sup>

How the Civil Service works with both parties in the final year of this Government will also influence relationship-building between officials and the parties for the next parliament. It will be important for the Civil Service to demonstrate that it can provide fair support to both sides, operate in areas of tricky political relationships (such as on the future of the EU or immigration policy), and maintain confidentiality, including withholding information where necessary from senior ministers of the other party. As one official pointed out:

There's a distinct possibility that you'll have another coalition government. Do you want to start off on the basis that you've just lost the trust of the junior coalition partner?<sup>84</sup>

### **Conclusion: Risks of Year Five**

Above we have analysed how the Coalition is working and identified a number of challenges for the final year in terms of maintaining effective relationships between the two parties and the Civil Service, and ensuring that sufficient policy development work takes place in advance of the 2015 election.

The default approach of Whitehall is to avoid formalisation of rules in such areas, and to rely on implicit understanding of how things should work, and on individual good judgement to respond to pressures as they occur. This tendency was revealed in the Cabinet Secretary's statement to a parliamentary committee that the pre-election contacts process 'does not need a huge amount of guidance'.

However, while the Civil Service is well accustomed to working in the more politicised period in the run-up to an election, our conclusion is that in the distinct context of coalition, combined with some of the difficulties already faced in parts of Whitehall, the rules of the game for the final year must be clearly defined. Indeed, many officials themselves told us that the current ambiguity was a concern, and would become more so in the final year.

There is therefore a pressing need for clarity about how civil servants across government should work with the two coalition parties in this period, as well as how the parallel contact

<sup>82</sup> Interview COA03, December 2013.

<sup>83</sup> Interview COA17, January 2014.

<sup>84</sup> Interview COA01, November 2013.



with the Opposition should function. Without clearer rules in these areas, Whitehall faces a number of risks in Year Five, including:

- variable practice, with different departments supporting ministers from the two sides in significantly different ways
- confusion among officials unsure about how they should respond to requests for policy input from one side or other of the Coalition, or from the Opposition
- public perceptions or claims that civil service resources are being used improperly for party-political purposes
- growing tensions between the parties about what support and access they are entitled to
- ambiguity about when politicians are speaking with a government or a party hat, further muddying the waters about the proper level of civil service input in areas of dispute
- announcements that are perceived as surprise attacks by one coalition partner on the other, in part due to confusion between government and party activity
- decreasing trust between the two sides of the Coalition – and potentially between ministers and officials – including in core areas where the Coalition must continue to work together
- a deficit of planning for post-2015, due to the absence of political cover to carry out work in areas of disagreement
- insufficient testing of parties' forward policy ideas and election commitments as a result of the lack of channels for dialogue between parties and the Civil Service
- parties committing to poorly thought-through policies that may then be locked into a programme for government in post-election negotiations.

## Lessons from elsewhere

While Whitehall has no recent experience of managing a coalition up until election day, many other countries do so, and can provide useful lessons for the UK as it confronts the challenges noted above. As we have discussed, a number of outcomes are possible at the 2015 election, including at least two potential coalitions as well as a minority government supported by one or more smaller parties. In this context, where more parties have a chance of holding power or exercising influence, it becomes more important to improve the quality of policy thinking across the spectrum. Many countries have developed more extensive – or at least different – mechanisms by which non-government parties are able to access civil service expertise and resources to develop policy in the run-up to an election. This international experience illustrates different ways that this could be done in the UK.

During the course of our research project, we have studied relevant systems in Scotland, Australia, Ireland and the Netherlands, as well as looking back at how pre-election contacts with the Opposition worked in Whitehall prior to May 2010. Each of these studies has been (or will shortly be) published as a separate paper. Below we summarise the key lessons from each before setting out our recommendations for Whitehall. We also briefly discuss alternative systems that have been developed in New Zealand and Wales to provide parties with access to information to inform policy-making in advance of an election.

### ***Scotland: The ‘separate space’ system***

During the coalition governments in Holyrood from 1999 to 2007, the Scottish government developed a distinct system through which the two coalition parties and the major opposition parties could all access civil service expertise to inform their policy-making. In the final six months of the parliament, each party was able to request information and analysis from the Civil Service through private channels separate from the usual ways of supporting the government of the day.

This system – known as separate space – was closely co-ordinated from the centre of government, which acted as a clearing house for requests from the parties and set down guidelines for officials on how the process should work. Civil servants were to provide the parties with information, but not advice in the standard civil service sense. Parties made their requests in the form of questions about particular policy ideas, and officials responded with factual information and analysis of issues such as likely costs, legal context and implementation challenges. They did not make recommendations or suggest alternative ways forward. The process was strictly confidential: officials were instructed not to discuss with anyone the contents of requests or responses, and documentation relating to separate space requests was filed separately from ordinary government information systems. Parties had to co-ordinate their activities, too: all requests came through the leaders’ offices.

As we discuss in a separate paper on the Scottish experience, operating this system posed some challenges.<sup>85</sup> It placed additional extra resource demands on the Civil Service, as requests through separate space had to be completed along with ongoing government work. Parties also used the system to discredit opponents’ policies. On reflection, some

<sup>85</sup> The separate space system is more fully explored in Paun, A., and Munro, R., *Separate Space: the Final Year of the Scottish Coalition 1999-2007*, Institute for Government, 2014.

participants wondered whether the separate space system could have had a greater positive impact on policy quality if it had been introduced earlier, since manifesto development was well advanced by the time the facility opened. But these points aside, both civil servants and party insiders felt that separate space had been useful. It ensured that there was dialogue between parties and officials about forward-looking policy plans; it helped parties to test draft ideas in a private space before going public; and it helped maintain and build relationships between the Civil Service and all parties.

### ***Ireland: The Department of Finance facility for policy costings***

In Ireland, a well-established system enables all parties to have policies costed by officials in the Department of Finance at certain points in the electoral cycle. Parties may submit policies to be costed in advance of the annual Budget, in the lead-up to a general election, and during negotiations to form a government following an election. The process follows a clearly structured path: a nominated figure on the party side submits policy requests in writing to the Secretary General (permanent secretary equivalent) of the Department of Finance, who passes them on to departmental officials to complete. Costings are then returned to the party, which may make them public if it wishes to do so. Officials are not told who a request is for, and the content of requests and responses is not shared with the other parties or the political leadership of the department.

As discussed in our case study on this system, there are a number of limitations in what the costing facility can offer parties.<sup>86</sup> The facility is limited to costings – officials are not supposed to comment on the policy itself, or on likely implementation challenges. Moreover, while parties can in theory submit any policy for costing, in practice they have tended to limit their use of the facility to costing simpler taxation and welfare proposals. The facility is seen as less capable of assessing more complex or transformational policies. Parties have also sought to game the system, by publishing positive costing results without being clear about the assumptions on which the analysis rests.

Despite these limitations, this system does appear to offer benefits. Parties are provided with a confidential space in which to test and refine policies before making their commitments public. The process is also free from political control: access to costings is considered a right of opposition parties, not a privilege granted by the government of the day. And while the costing process is optional and confidential, it has become expected that parties will have major tax and spend commitments costed by the Department of Finance. The system therefore provides discipline, deterring parties from making unrealistic policy commitments, since uncosted policies – or those judged incapable of being costed – attract criticism and enhanced scrutiny in public debate.

### ***Australia: The Parliamentary Budget Office and Charter of Budget Honesty***

In 2012 Australia established an independent parliamentary body – the Parliamentary Budget Office (PBO) – to provide all parties represented in parliament with fiscal assessments of their policies. The PBO operates alongside a pre-existing facility set up under the Charter of Budget Honesty, which allows larger parties to request costings of election commitments from officials in the departments of the Treasury and Finance in the final few weeks before a federal election.

---

<sup>86</sup> See Munro, R., and Paun, A., *The Irish Facility for Policy Costings*, Institute for Government, 2014.

The PBO goes beyond this pre-existing mechanism in a number of ways. First, it allows parties to submit costing requests at any time during the electoral cycle. This allows parties to submit different iterations of a policy proposal, receive costings from the PBO and refine the parameters of their policy before making a firm commitment. Second, the content of the interactions between parties and the PBO is confidential, with the important exception of the caretaker period (four to six weeks before polling day), when costing requests and responses are automatically published. Third, the PBO is open to all parliamentarians, creating a more level playing field between established parties, minor parties and independent members of parliament. And finally, the PBO carries out a post-election audit of all parties' published manifestos, shining the spotlight on any misleading claims made during the campaign.

There are some limitations to the PBO model, which we explore in a separate case study.<sup>87</sup> Use of the PBO is optional: even if parties do choose to use it, policy costings are only published with the consent of the party (except during the pre-election period). This has limited the impact on the transparency of public debate. The PBO is also limited to analysis of costs and cannot advise on the feasibility or potential unintended consequences of policies.

Overall, however, the PBO is seen as a positive innovation that can help improve the quality of policy and the honesty of public discourse. A number of factors contribute to its effectiveness. One is its independence from ministerial control: the PBO is a parliamentary body established in statute with a budget reviewed by a cross-party committee. Second is that the PBO has clearly agreed terms of access to government information, with departments bound to provide necessary data and not to share the content of information requested with ministers. A further lesson is that the confidentiality of the process is important as it provides parties with a private space in which to refine their policies. The downside, as noted, is that costing details are not always published, but without confidentiality in the earlier stages of policy development, parties would look elsewhere for support or would avoid having their plans costed at all.

### ***The Netherlands: The Central Planning Bureau and pre-election manifesto assessment***

In the Netherlands, the pre-election costing facility operated by the Central Planning Bureau (CPB) goes further than the mechanisms described above. In addition to calculating the short-term budget impact of planned policies, the CPB assesses party manifestos against a range of other indicators, including the forecasted impact on long-run debt sustainability, economic growth, employment, the financial impact on households at different points in the income spectrum, and the effects on other measures such as carbon emissions and traffic congestion. The CPB publishes a detailed analysis of all parties' manifestos, with ratings on this wide array of indicators, around a month before polling day. Submission of manifestos for costing by the CPB is voluntary. However, there is a strong public expectation that parties will have their manifestos assessed by the CPB, and in recent years all significant parties have done so, as failure to comply would undermine a party's credibility.

---

<sup>87</sup> See Munro, R., and Paun, A., *Pre-election Policy Costing Mechanisms in Australia*, Institute for Government, 2014.

The Dutch model offers a number of positive lessons. The CPB itself is well respected as a politically independent and expert body. The costing process is iterative: the parties are able to discuss the CPB's analysis of their policies before publication, and make amendments if required. Observers say that the system provides a strong and positive discipline for all parties to ensure that their plans add up. But since it looks beyond narrow budgetary effects, the CPB also helps to clarify the nature of the trade-offs that each party is choosing to make. And since the analysis is published in advance of an election, there is a gain for transparency, with voters able to cast their votes on the basis of a richer understanding of what each party is offering. Finally, by ensuring that all parties are operating from a single evidence base, the CPB analysis can help pave the way for the complicated coalition negotiations that invariably follow Dutch elections. The CPB also plays a role during the coalition talks themselves, standing by to assess draft compromise policies.

On the downside, the CPB is seen to have moved too far from its original core purpose of fiscal analysis. Its current director, Laura van Geest, has announced reforms in response. In recent years, the range of indicators has grown significantly, often at the request of particular parties, to cover subjects such as the impact on innovation, biodiversity and traffic congestion. There is often more inherent uncertainty in projections relating to these 'special topics' compared with the core subjects. Yet due to the central role the CPB has come to play in Dutch election campaigns, its stamp of approval is still sought out by parties to boost their prospects. The negative effects can include incentives to game the system – one Dutch official described how 'the clever political parties ... know now how to influence the models of the CPB to get better results'<sup>88</sup> – and also to opt for safer and less innovative policies that the CPB is more confident in assessing. Critics therefore argue that the CPB narrows the scope of policy debate and produces more conservative policy development.

### ***New Zealand: Civil service secondments to the Opposition***

In New Zealand, there is a well-established convention under which the main opposition party is offered additional resources in the form of a seconded Treasury official. This is an optional offer made at the start of a parliament, for the duration of that parliament. The Opposition must cover the costs. Seconded officials are seen as useful for their expert knowledge of government finance, fiscal policy and economics. One former secondee told us that he was asked to look at:

Anything that had a dollar sign or a number ... [anything] that had an economic flavour to it, or involved anything more than adding up a few numbers, usually came to me.<sup>89</sup>

The seconded official is able to advise not only on technical aspects of policy and whether the parties' commitments 'add up', but also on machinery of government issues, potential implementation challenges and direct consequences of policies.

A similar system of seconding officials to work for the Opposition has been proposed for the UK. In 1971, Tony Benn suggested that officials might be seconded to the Opposition to compensate for that party's lack of resource and access to information. More recently, in 2013, the Institute for Public Policy Research has recommended allowing civil servants to be

<sup>88</sup> Interview NE01, November 2013.

<sup>89</sup> Interview NZ03, November 2013.

seconded to the Opposition. Seconded officials would retain political neutrality, and could provide the Opposition with policy advice and costings.<sup>90</sup>

Based on the experience of New Zealand, there are some potential advantages to this system. The Opposition is given access to knowledge and expertise that they might not otherwise possess. This may help them to develop policies that are more thought-through and better designed; we were told that the rationale behind the system is to help the Opposition develop sensible policies. In the words of one former secondee: ‘There’s a kind of national interest in it.’<sup>91</sup>

Seconded officials are kept ‘very, very much at arm’s length’ from government and have limited links to the department for the duration of their post, to preserve the political neutrality of the Civil Service and to prevent secondees from accessing confidential information that the Opposition could then use to criticise or attack the government.<sup>92</sup> However, this necessarily limits the extent to which secondees can draw on the expertise and institutional memory of the Civil Service to inform opposition policy-making.

In the UK context, while minor parties with limited funds could perhaps benefit from civil service secondees, it is less clear what benefit this system would bring to the official Opposition, which can use Short Money and other resources to hire external consultants with relevant expertise, as well as former officials and special advisers with detailed knowledge of policy areas and the machinery of government. There is also a rich landscape of think-tanks and other organisations that can provide parties with policy ideas and analysis.

### ***Wales: Liaison officers for coalition and opposition parties***

Like its Scottish counterpart, the last coalition government in Wales developed pre-election mechanisms to provide separate channels of information to the two coalition parties, while also levelling the playing field between the four major parties (any of which could have come into government after the election). The model developed in Cardiff Bay was to appoint ‘liaison officers’ for each of the four parties. Parties submitted questions relating to their policy plans to this senior official, who commissioned work from relevant policy officials on their behalf.

The limits placed on this system were similar to those in separate space – parties could request factual information, but could not ask for advice or judgement. In practice, we were told, parties used liaison officers to ‘test the affordability and deliverability’ of proposals, including questions relating to whether the Welsh government had legal competency to achieve the policy in question.<sup>93</sup> The system operated confidentially – officials were told to expect work to be commissioned, but did not know which party had requested that work. Documents relating to the liaison officer process are exempt from freedom of information requests, and were kept separate from normal government business. The process was loosely co-ordinated by the centre of government, which issued guidance to liaison officers on how to carry out their role (specifically, that they must remain impartial, and not offer advice to the parties).

<sup>90</sup> IPPR, [Accountability and Responsiveness in the Senior Civil Service: Lessons from Overseas](#), 2013, pp. 120-1.

<sup>91</sup> Interview NZ03, November 2013.

<sup>92</sup> *Ibid.*

<sup>93</sup> Interview WAL02, November 2013.



From the perspective of the smaller coalition party – Plaid Cymru – the benefit of the system was that it gave access to information from all departments. This was less of a problem for Labour, which had ministers in all departments. One insider told us that having access to information without the other party knowing was ‘essential’, and that the party trusted officials not to share the contents of their requests.<sup>94</sup> One apparent drawback of the way the system operated was that it commenced only four months before the election. As a result, much of the information parties requested came back too late to be incorporated into manifestos. The system was also designed such that officials could respond only to the specific questions posed – sometimes these were poorly framed, but officials were not able to suggest alternative questions that could have elicited a more useful response.<sup>95</sup>

### ***Pre-election contacts in 2010***

As the UK Coalition considers how to support the two coalition parties in the final year, a more familiar system that could offer useful lessons is that of pre-election contacts between shadow ministers and permanent secretaries. In Scotland, as noted, the separate space system was seen in large part as an extension of these contacts to governing parties.

As discussed in a parallel paper to this report, experience in Whitehall of pre-election contacts before May 2010 offers several lessons about what works well in operating this system of private interaction between the Civil Service and political parties. These contacts can in particular help to build relationships between senior officials and potential future ministers, as well as providing an opportunity for departments to hear more about the party’s policy agenda, and begin necessary preparations. They are also most successful when linked to wider preparation undertaken by departments for likely future policy, and to the development of alternative briefs for incoming ministers that summarise the expected policy intentions of each of the parties. The contacts offer an opportunity to flag potential challenges (even while sticking to the important principle that no advice is to be provided to the Opposition). One senior official said: ‘You’d be an absolute fool as a permanent secretary not to use the discussion to say, “Have you thought about X?”’<sup>96</sup>

Other senior officials involved in these pre-election meetings saw their value as being able to make sure shadow ministers understood the practicalities of implementing policies, such as timescales. Providing indications of this sort can help protect departments from having to implement unexpected policies to challenging if not undeliverable deadlines, and can also encourage parties to review policy commitments that would be difficult to honour.

Challenges around pre-election contacts included the issue of guidance on the content of these discussions, which was left ambiguous, leading to significant variation in the content and extent of communication between different departments and shadow ministers. Some departments found it difficult to devote attention to pre-election contact with the Opposition – or preparation for a possible change of government – due to the unsympathetic attitude of their secretary of state. Another challenge was the limited degree of co-ordination between the different sets of contacts. This may have led to insufficient attention being paid to cross-cutting policy issues. A further problem was that pre-election contacts often focused on the priorities and style of the shadow minister rather than the policy agenda of the party as a

<sup>94</sup> Interview WAL02, November 2013.

<sup>95</sup> Interview WAL05, September 2013.

<sup>96</sup> Interview PEC007.

whole. In many cases, the shadow did not then go on to take up the same portfolio in government, which undermined the usefulness of the pre-election work.



# So what is to be done?

Drawing on our research in Whitehall, our international case studies, and our exploration of how pre-election contacts with the Opposition have worked in the past, we make the following recommendations to mitigate the risks of Year Five.

## ***Reach agreement at the top about the rules of the game***

The first prerequisite for ensuring effective government in the final period of the Coalition is that there is clear and transparent agreement between the two parties about the rules of the game up until May 2015. It is important that this agreement is struck at the very top – between the Prime Minister and Deputy Prime Minister, with the Cabinet Secretary facilitating, documenting and overseeing it as the best-placed ‘honest broker’.

This agreement should be published and should cover a number of elements, including:

- the *rights of access* of each party to civil service support for policy development (which we expand on below)
- how the two sides will reach *agreement to disagree* (for instance, how further breaches of collective responsibility should be negotiated and managed)
- the *terms of engagement* between the parties in the final year as electoral competition threatens to disrupt the business of government (for instance, how to avoid ‘surprise attacks’ that could undermine trust).

In addition, the two sides must ensure *channels of communication* remain open throughout the long campaign, so that the Government can still respond effectively and take decisions where necessary. The Quad and other existing forums might be sufficient to ensure that this happens, but alternatively, a new group could be established with representation from both parties and the Civil Service to meet regularly, discuss and defuse tensions that arise, and monitor the overall functioning of the Coalition in the final year.

## ***Create ‘separate space’ within which each of the coalition parties can access civil service support***

As discussed, there is a need to clarify the rights of each coalition party to access civil service support to help the development of their post-2015 policy plans. There is a threefold rationale for this: to give both coalition parties fair access to civil service expertise, to improve the quality of policy development and forward thinking, and to protect civil servants from perceptions of politicisation in the event that they are asked to work on policy plans for one party. As one interviewee reflected:

*It’s a real test for the Civil Service. Can you imagine what the reputation of the Civil Service would look like if you have Lib Dems in or out of government saying, “These rules were set in place and the Civil Service failed?” There’s a real risk of perception of political bias, even if inadvertent, which would not be good for the Civil Service.<sup>97</sup>*

In developing the rules for the final period of coalition, we are attracted to the logic of the Scottish ‘separate space’ system, which enabled each of the coalition parties (and in the

<sup>97</sup> Interview COA01, November 2013.

Scottish case, the opposition parties too) to make confidential requests for information and analysis that they then used to inform manifesto development and preparations for the next parliament.

Creating a similar system in Whitehall would provide clarity that the two coalition parties can access the support of civil servants in departments led by the other party, without the secretary of state being made aware of the content of such communication. It would likewise help officials by giving them the authority to carry out forward-looking work for their secretary of state without consulting the other party. It would therefore help to reassure civil servants about the propriety of working on policy ideas without having full coalition 'cover'. Permitting parties to access the expertise and evidence base of the Civil Service in this way should improve both the quality of policy development within the parties, and the ability of departments to begin necessary preparations for proposals they may need to implement after the next election. A separate question, which we discuss below, is how far an equivalent offer should be extended to the Opposition.

***Provide strong leadership from the centre to ensure consistency***

To ensure that the offer to each party is consistent across departments, it is important not only to agree the rules of the game, but to ensure that these rules are clearly communicated and enforced. In the pre-election period, there is a pressing need for consistency in the offer made by all departments to the two coalition parties. For officials to support the development of manifesto policy for only one party would lead to questions about civil service impartiality. Moreover, failure to ensure even-handedness risks exacerbating tensions and could drag officials into political disputes at an already fractious time.

As things stand, there is too much scope for inconsistency in the way different departments respond to requests from the two parties. Elsewhere in the paper we have discussed the tendency for individual departments to operate very differently in terms of how they support the two coalition parties, and how firmly they adhere to the principles of information sharing across the Coalition and 'no surprises' in making policy announcements. Reasons for such variation include the personalities of different secretaries of state, relationships within ministerial teams, departmental culture and the nature of the policy challenges being tackled.

On the political side, as we emphasise above, cover to operate this system across Whitehall would have to come from an accord between the Prime Minister and Deputy Prime Minister. On the civil service side, as one senior official argued:

*There would have to be something worked up centrally – you couldn't have different departments taking different approaches. There'd have to be a view from the very top of the Civil Service about what was to be done and what good practice would look like.<sup>98</sup>*

Therefore, to limit the scope for variation between departments and ensure consistent application of the agreed principles for how the Civil Service and parties should interact in the final year, the centre (meaning in this context the civil service leadership, and in particular the Cabinet Secretary and his team) should set out clear guidance on how the Civil Service should work with the two coalition parties (and how this compares with interaction with the Opposition). Guidance should be principles-based and light touch in terms of

---

<sup>98</sup> Interview COA21, January 2014.

process, but should directly address the concern of the senior departmental official who told us:

We need guidance on what to do if the coalition parties are talking about post-2015 policy, what to do if the coalition parties want work done on that, and when to talk to the Opposition ... We need the Cabinet Office's guidance on that.<sup>99</sup>

Having set out and communicated the principles by which officials across Whitehall should deal with these issues, the Cabinet Secretary must then take responsibility for overseeing the overall functioning of both sides of this system – the parallel channels of support to the two coalition parties, and the pre-election contact with the Opposition.

### ***Clarify the scope of the offer – information not advice***

The heart of this guidance should be a statement of the nature and scope of the offer to be made to the two coalition parties, and how this differs from the ordinary provision of advice to ministers. In Scotland and other systems we studied, it was made explicit that information provided to parties before an election was of a different order to that given to ministers. In particular, an important line was drawn between information and advice, with the latter offered only to ministers (and with the expectation that this would be based on an agreed coalition position, with submissions copied to both sides).

A similar distinction should be made in Whitehall. If parties want to access confidential civil service support to help inform manifesto thinking, they should state this and make requests that are labelled accordingly. The Civil Service should be able to carry out analysis for parties, and to provide factual information relating to planned policy commitments, covering areas such as estimated costs, potential implementation challenges, likely timelines for delivery, and relevant legal implications (for instance, whether new legislation would be required, and whether there is relevant EU legislation that might limit the policy space). Civil servants should also be able to draw attention to possible unintended consequences (such as negative interaction with other policy areas), and to ask clarifying questions about the specific objectives of the party in this area. In cases where policy plans would require agreement at the EU or other international levels, officials could provide factual information on the positions taken by other relevant countries, and the likely 'negotiability' of proposals.

What officials should not do is propose alternative policies for the parties, set out a range of options for parties in response to broad or open-ended questions, or advise on matters such as stakeholder or political handling. We are persuaded by the case put to us by one official that it would be:

... fine to do some costing, fine to do some assessment of risks or benefits, not fine to then suggest alternatives or refinements. So I think as long as you're there to try and help them understand the consequences of their policies, that feels OK. What doesn't feel OK is actual help with policy design.<sup>100</sup>

Nor should the system be used by parties to identify weaknesses in their opponents' plans or to pre-emptively cost other parties' policies. Officials should be instructed, if they have any concerns about the propriety of a request, to seek advice from their permanent secretary.

<sup>99</sup> Interview COA11, January 2014.

<sup>100</sup> Interview COA12, January 2014.

Clearly any extension of the role of the Civil Service that allows officials to respond to requests from political parties in addition to ongoing government work will have resource implications. Guidelines set out by the centre of government could make clear the limits of what officials can offer. In Scotland, parties had to submit all requests in the form of specific questions about the costs, implementation challenges and likely effects of a specific policy proposal. Similar guidelines could be set out in Whitehall making clear that open-ended requests from parties – for instance, to help them develop a range of policy options – would not be accepted. Co-ordination of all requests through the Permanent Secretary’s office could ensure that the volume and content of requests was manageable and fairly distributed between parties.

### ***Guarantee confidentiality***

Parties must be confident that details of their policies or information relating to them will not be shared with the coalition partner. This would be in line with the established convention that information garnered by officials through pre-election contact with the Opposition is kept confidential. One interviewee told us that the system would have to be ‘beyond bomb-proof’ for parties to use it.<sup>101</sup>

Experience from past pre-election contacts is encouraging on this point. There are no known cases of information from contacts with opposition parties before previous elections being leaked. This suggests that the Civil Service should have no problem in operating confidential channels of communication with the two coalition parties. Guidance from the centre should therefore state that officials should not reveal the contents of requests or responses from one coalition party to the other side. We would also expect information provided to parties in this way to be exempt from freedom of information legislation, for instance under the exemption relating to ‘Prejudice to effective conduct of public affairs’.

However, the extra complexity stems from the fact that officials will be simultaneously providing advice and information to the same senior political figures in their capacity as ministers, as part of support to the Government as a whole. In this context, many departments would (and should) copy submissions as a matter of course to the entire ministerial team, and sometimes to advisers outside the department, too (notably for departments with ministers only from one party). This reinforces the need for a clear distinction between support to the Government as a whole (which should carry no expectation of confidentiality), and support for parties’ post-2015 policy development, which can be provided through private channels but is of a different, narrower order. Ministers can in effect choose the service they prefer, but must be upfront about this.

### ***Clarify the routes by which private information is provided***

Secretaries of state should be able to request information related to post-election policy development directly from their department, through the Permanent Secretary’s office. There is a need to clarify the terms of access for parties in departments that are led by the coalition partner. To some extent, this already happens: we have described how the Deputy Prime Minister has some access to departments where there is no Liberal Democrat minister. But we have also described the variation in how this works in practice, and have argued that failure to address this issue in Year Five could cause serious tensions. There is therefore a

---

<sup>101</sup> Interview COA14, January 2014.

need for more transparent and explicit agreement on how party leaders can access private information from departments where they have little or no ministerial representation. We suggest that the party leader, or a nominated junior minister, should be guaranteed the right to request information through private channels via the Permanent Secretary of departments led by the other side.

***Hold permanent secretaries responsible for ensuring fair access to all parties***

As well as co-ordinating requests from each coalition party, the Permanent Secretary's office should assume responsibility for ensuring that the rules of the game, as outlined above, are enforced. As part of its oversight role, the centre should hold departments to account for how they establish systems and set aside resources for supporting each coalition party, facilitating pre-election contact with the Opposition, preparing for all possible election outcomes, and conducting long-term thinking about the future challenges of any government.

Different departments will wish to organise themselves to meet these challenges in different ways, depending on the nature of the policies covered, and the degree to which the two coalition parties are at loggerheads over post-2015 priorities. Ultimately, the responsibility for managing these challenges within each department rests with the Permanent Secretary.

In line with previous Institute for Government recommendations, there should be recognition in the performance management system of the 'stewardship' functions of permanent secretaries, meaning their responsibility for the long-term health of their department and its preparedness to support future governments. This should include responsibility for ensuring that both parties (as well as the Opposition through pre-election access talks) are given sufficient and fair support, as well as for preparing for all possible election outcomes, and conducting long-term thinking and scenario-planning to be ready for future challenges under any government.

Just as the centre of government must make sure that departments are given clear and consistent guidance on how to interact with all of the parties, so too must the Permanent Secretary ensure that the rest of their department has clear instructions on these matters. Permanent secretaries must also be the first port of call for officials concerned about whether requests from ministers are pushing at the boundaries of what is proper for them to do.

Permanent secretaries might also find it helpful to nominate a senior figure working to them within the department to oversee on a day-to-day basis the system of private channels of support to the coalition parties, and pre-election contact with the Opposition, including taking on the role of sending out requests for support from parties to relevant officials in the department to complete.

Most – though not quite all – of our interviewees concurred that rather than establishing separate (and therefore potentially competing) teams of officials to support each party, requests from all parties should be dealt with by the appropriate policy officials within the department:

You probably want access to the very specific expertise of people currently working on that bit of policy that you're proposing, rather than five generalists who don't really know that much about the detail.<sup>102</sup>

### ***Ensure independence from ministerial control***

A related principle that should apply in the provision of private channels of information to the coalition parties, as well as to the Opposition, is that there is independence from ministerial control. In Ireland, all parties are able to submit policy proposals to be costed by officials in the Department of Finance in a system managed by the Secretary General – the Minister of Finance has no role in making the system available, and access to costings is seen as an automatic right of opposition parties. Once the facility is opened, it runs autonomously of ministerial control.

In Whitehall, pre-election contact with the Opposition can start only when the Prime Minister agrees to this, and our proposed system of parallel channels of information to the two coalition parties would also require political cover from the top to operate effectively. What is crucial, however, is that once these systems commence they are able to operate without ministerial interference, and with departments given licence to devote sufficient resources to them.

Past experience of pre-election contacts illustrates some of the challenges that might arise. Our research has uncovered reports of some secretaries of state discouraging officials from focusing too much on thinking about opposition plans, or considering alternative policies to those of the present administration. Similarly, as discussed above, we uncovered evidence of some secretaries of state demonstrating reluctance to allow their departments to support policy thinking for the 'other side' of the Coalition.

In the international cases we discussed above, independence from ministerial control is a crucial factor in enabling systems of policy costing and support for all parties to operate effectively. Something similar is required in Whitehall. Part of the agreement about the rules of the game in Year Five should therefore be to allow departments to carry out work that extends beyond, or even runs counter to, the priorities of the current secretary of state – so long as such work does not detract from a department's focus on implementation of agreed government policy. The Prime Minister and Deputy Prime Minister should make clear to cabinet colleagues that this is the position, and that ministers should respect the duty of officials to carry out work for other parties in confidence.

### ***What degree of central co-ordination?***

Above we have emphasised the important role that the centre must play in this system – in facilitating the initial agreement about how the final year will work, in developing guidance for the rest of Whitehall, and in monitoring how the system is operating in practice. In some systems – including in the Scottish separate space system, the Irish costing facility and the Dutch Central Planning Bureau – there is a single channel of communication between parties and government, with a central clearing house receiving requests for information and then drawing on the wider expertise of the Civil Service to formulate its responses. In Whitehall, the equivalent would be for both coalition parties to have to submit all requests for

---

<sup>102</sup> Interview COA12, January 2014.



private policy support via the Cabinet Office. This does not seem the most sensible or practical approach. As one official put it: ‘You can’t micro-manage it – it would become very impractical ... You couldn’t loop everything back through the centre.’<sup>103</sup> We have therefore recommended that requests be co-ordinated via the Permanent Secretary’s office at a departmental level.

However, the experience of pre-election contact with the Opposition also illustrates that a failure to co-ordinate the exchange of information between parties and the Civil Service can lead to problems. Each party should therefore aim to co-ordinate the requests made by ministers for support through the private channels described. Ultimately each party will have only a single manifesto, and if civil servants are to be used to help inform parties’ thinking then this should be aligned with what the parties are actually planning to commit to – rather than the personal preferences of an individual secretary of state (who may well be in a different job or out of government by mid-May 2015). The party leaders should therefore be kept informed by their ministerial colleagues of the nature of work on post-2015 policy ideas being commissioned from each department, and copied in to correspondence relating to requests by their ministers for private support.

It is also important that there is effective central co-ordination on the civil service side, not only to ensure consistency of each department’s approach (as already discussed), but also so that the civil service leadership can keep track of the scope and content of interaction between departments and each party. This is so that gaps or inconsistencies can be spotted, and cross-departmental expertise can be brought together to help parties think through cross-cutting challenges and interactions between policy plans in different areas. The centre will be the conduit for communication with the leadership of all three major parties prior to the election, so if there are weaknesses or unanswered questions about parties’ overall policy plans, leaders can be made aware of this fact.

In the event of a hung parliament, the centre may also be called on to support government formation negotiations after the election, for instance by identifying areas of overlap between manifestos, advising on implementation challenges, or suggesting compromises. This requires the centre to build up an awareness of the overall policy landscape, and the areas of likely tension between (and within) parties, to help ensure that any 2015 programme for government is formulated on an informed basis.

For all these reasons departments should keep the Cabinet Office up-to-date on the nature of their interaction with the different parties about post-2015 plans. Where concerns relate to costs of proposed policies, then the Treasury should be engaged too.

### ***When should this system start working?***

The Prime Minister and Deputy Prime Minister, advised by the Cabinet Secretary, should agree a timeline for when parties can access these private channels of information. We argue in our parallel report that access to pre-election contacts should commence before the summer recess in June 2014. We likewise advocate that the two coalition parties be given access to confidential channels of civil service support from the same point, to give sufficient time for the parties to develop and refine their policies on the basis of information provided by officials.

---

<sup>103</sup> Interview COA01, November 2013.



However, the Prime Minister has recently decided that the Opposition can request confidential meetings with permanent secretaries only from 1 October 2014, leaving a six-month period for these contacts to take place before purdah begins in April 2015. We remain of the view that an earlier commencement of these channels would have allowed for a more constructive engagement between Whitehall and the Opposition.

But to ensure fair treatment, the two coalition parties should likewise be given access to confidential channels of support from the Civil Service from the same point in the autumn. Until that point, ministers should still be able to request advice from the Civil Service on agreed government policy, but should not be able to request private advice on post-2015 policies.

### ***Towards an integrated system for all parties?***

The logic of the system described above is that it provides clarity on the offer made to each coalition party, thus removing the risks of tension, confusion and perceived politicisation of the Civil Service should each party continue to receive unequal levels of support. There is, however, a case to be made that all parties that might form a government should be able to have some Civil Service support in developing policy proposals before an election:

*I think that's where coalition is a bit different, potentially ... There is a genuine question of fairness within a system if you have two out of three people potentially getting a greater level [of support].<sup>104</sup>*

Arguably, it is also in the wider public interest that all parties that may hold power after an election develop their manifesto proposals in the light of Civil Service expertise. While much of our discussion above focuses on the question of how Whitehall should support the Conservatives and Liberal Democrats in the final period of coalition, we conclude that similar principles should inform thinking about how the Civil Service interacts with opposition parties and that, in the longer term, consideration is given to an integrated system of support to all parties in the pre-election period. As one interviewee put it:

*There's probably a broader challenge of what kind of political system the UK wants. If you've got three groups of people trying to put forward sensible propositions, don't you want them to have access to a base set of information? To use an analogy: if you were bidding for a competition for procurement, you wouldn't have different information bases; you'd have a common set of information that all bidders would have access to.<sup>105</sup>*

We therefore recommend that the Opposition should be able to request limited analysis of estimated costs, implementation challenges and other factual information on its manifesto policies. As with the separate space system offered to the coalition parties, support for the Opposition should be limited to information, not advice.

As discussed in our parallel report on pre-election contacts, current practice is based on the idea of civil servants being primarily in 'listening mode', learning about the Opposition's plans, getting accustomed to its distinct party culture, and learning about how shadow ministers operate. Shadow ministers can ask questions principally about machinery of government matters, rather than on policy ideas themselves. Practice appears to stretch the

<sup>104</sup> Interview COA23, January 2014.

<sup>105</sup> Interview COA09, December 2013.

guidance up to a point, but there is certainly no sense that the Opposition is offered an equivalent service to that given to the governing parties.

At the least, it should be made explicit that discussions can go beyond current guidance to cover potential implementation challenges of parties' policy plans. Wider discussions are in the interest of parties and of the public, as they allow the Civil Service to raise potential challenges with parties before a proposal becomes a government policy. One interviewee told us:

I think it is necessary to go beyond and say, "OK, how do you think you might introduce that idea, over what period, what do you want to do in the first year?" and so on.

Cultural resistance to such ideas in Whitehall is strong. Officials serve the government of the day alone, and should not be drawn into offering parallel streams of advice to several competing parties. Our interviewees revealed discomfort when asked to do this even for the two coalition parties. However, as we have detailed, the final period of coalition will inevitably see civil servants drawn into providing support for post-2015 policy development for the two governing parties. This strengthens the case that something similar should be offered to the Opposition.

### ***A costing facility for all parties in the UK?***

In the longer run, more radical options might be considered such as extension of the remit of the Office for Budget Responsibility (OBR) to enable it to assess and cost all parties' manifestos, a function that the OBR is explicitly barred from undertaking by the relevant legislation. This idea was floated in October 2013 by the Shadow Chancellor, who called for the OBR remit to be extended to allow it to:

Provide independent scrutiny and certification of the policy costings of any political party which has at least 5% of the seats in the House of Commons at the request of that political party.<sup>106</sup>

Robert Chote, current chair of the OBR, had previously indicated support for a wider role along these lines:

I believe that independent scrutiny of pre-election policy proposals could contribute to better policy-making, to a more informed public debate, and could help facilitate coalition formation.<sup>107</sup>

Several senior civil servants we spoke to agreed that enabling all parties to have their policies costed could be beneficial, both for the parties and for the public:

It does feel like there would be real value in ensuring that everything that people are claiming or wish to do, that you have reasonable clarity from an independent source about its cost ... It would be quite a good plan if everyone was working off the same things. It would maybe prevent a bit of people claiming they can resolve it by something that actually raises you 2p, you know ... It would make for a more educated debate.<sup>108</sup>

If you were purely looking at it from a good policy-making perspective ... and people, when they decide what party to vote for, having a clear understanding of the cost and implications of their policies ... then maybe you would advocate a system where ... in the year before the election there

<sup>106</sup> [Letter from Ed Balls MP to Robert Chote](#), 14 October 2013.

<sup>107</sup> [Letter from Robert Chote to Andrew Tyrie](#), chair of the Commons Treasury Select Committee, 15 January 2014.

<sup>108</sup> Interview COA08, December 2013.

was a much more transparent process, that the Civil Service could engage much more with the Opposition, and manifestos from all parties could be costed.<sup>109</sup>

The Government has indicated that it will not make any such change before the election, and even those advocating such a change recognise that time is short for the necessary legislative changes and the expansion of the OBR resources that would be needed for it to play a broader role. More feasible than making any hasty change to the OBR remit at this point would be to consider this option in detail during the five-year review of the OBR's operation due to take place in 2015. This should be accompanied by a wider review both by relevant parliamentary committees and by the Cabinet Office of all the pre-election arrangements ahead of a new edition of the Cabinet Manual.

Extending the remit of the OBR would present a number of challenges, not least in agreeing terms of access to confidential government information to be used on behalf of the Opposition, and expanding the resources and expertise available to the OBR. Should a decision to extend the OBR's role be taken, our studies of the costings systems currently in operation in Ireland, Australia and the Netherlands will hopefully be of use.

---

<sup>109</sup> Interview COA13, January 2014.