

# Whitehall Monitor 2018

The General Election, Brexit and beyond



# About Whitehall Monitor

Whitehall Monitor analyses the size, shape and performance of Whitehall.

The decisions taken by politicians and civil servants in Whitehall can often seem remote from citizens' lives, but they are fundamental to them. Understanding Whitehall matters.

This Whitehall Monitor annual report – our fifth – provides an assessment of the administrative and political health of government and its performance. It seeks to present the most comprehensive view of the different organisations (and people) responsible for governing the UK, using data published by government. It explores political leadership, the civil service workforce, government finances, how public money is managed, legislation, major projects, communication and transparency, and performance.

This annual report is complemented by a wealth of online information, regularly updated to reflect key events and data releases.

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## Foreword

As Theresa May's Government enters 2018, Brexit is rightly absorbing significant effort and is the main reason why the civil service has grown in the past year, after years of shrinking.

But the Government has made commitments to voters on public services, productivity, social mobility and major projects. If it fails to meet their expectations, it risks further undermining confidence in government. Its use of data to drive improvements in effectiveness will be crucial in determining whether it is successful in its objectives.

It is in this context that I am delighted to introduce the latest Whitehall Monitor annual report, our fifth, which (together with our Performance Tracker report) lies at the heart of the Institute for Government's use of data to improve the effectiveness and accountability of government. Whitehall Monitor collects and analyses data to help those running government understand how it can be more effective, and to enable Parliament and the public to hold them to account for doing so.



Bronwen Maddox  
Director, Institute for Government



## Summary

It has been another politically tumultuous year.

The Prime Minister Theresa May lost her parliamentary majority in a snap general election. Revelations about ministers' inappropriate conduct resulted in three Cabinet resignations. Preparations for Brexit have been disrupted by the election, by turnover in personnel and by difficulties in parliamentary management.<sup>1</sup> The Government faces challenges in key public services, notably hospitals, prisons and adult social care.<sup>2</sup>

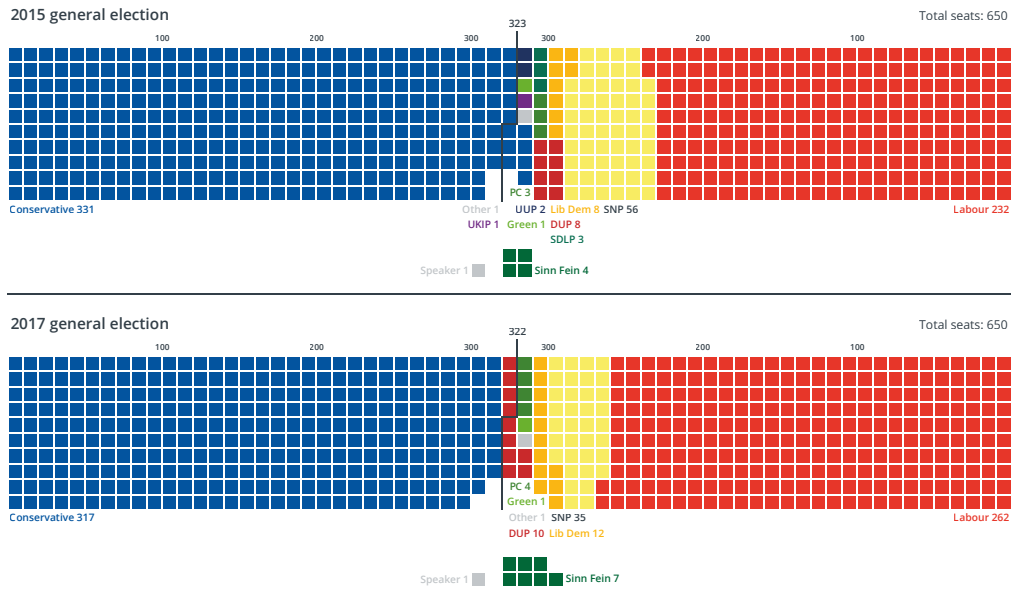
This Whitehall Monitor annual report – our fifth – finds that:

- The political situation following the early election constrained the Prime Minister's political authority and created challenges for the Government's legislative programme and management of public services, major projects and Brexit.
- The civil service is growing, in terms of size and morale, but should be more diverse.
- Government is less open than it was after 2010, and is not using data as effectively as it should.

This summary includes some key charts which can also be found – with more analysis – in the relevant chapters. Our website has more charts and deeper analysis on many of the subjects covered.

## Politics: governing with a minority presents new challenges

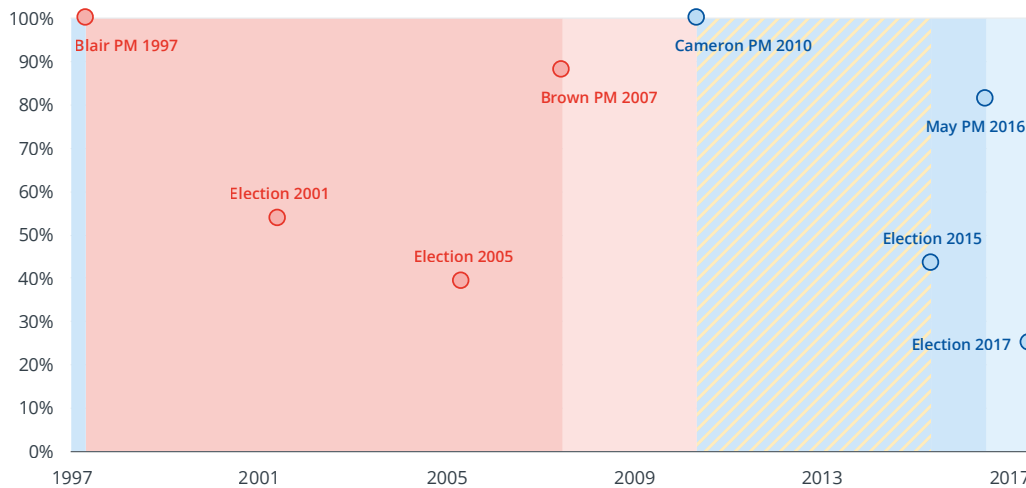
Figure S1 **Composition of the House of Commons after the 2015 and 2017 general elections**



Source: Institute for Government analysis of House of Commons Library election statistics and the 2017 general election result.

By triggering an election three years earlier than required, Theresa May hoped to strengthen her ability to get parliamentary support for Brexit. Instead, the Government lost its parliamentary majority, leaving the Prime Minister in a difficult political situation and without a free hand to choose her Cabinet ministers.

Figure S2 **Percentage of Cabinet ministers new to their posts after general elections or changes of Prime Minister, 1997–2017**

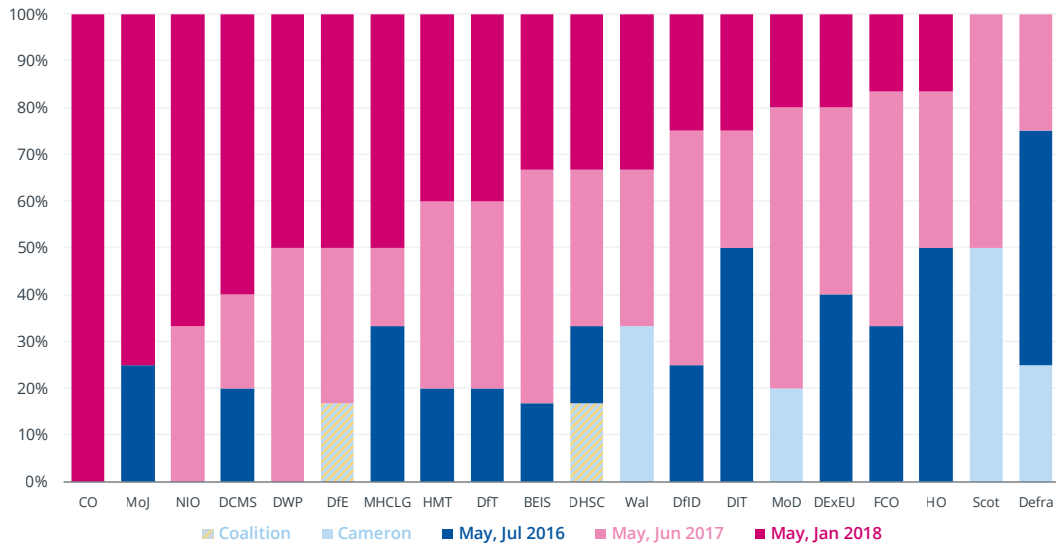


Source: Institute for Government ministerial database. Note: Cabinet only, not whole of government.

Following the Prime Minister's post-election reshuffle, only a quarter of Cabinet ministers were new to their posts, fewer than after any other election or change of prime minister since at least 1997. Cabinet stability is welcome – it is better to avoid moving ministers just as they are getting to grips with their department – but in this case the limited change appeared to reflect the delicate balance of ministerial views on Brexit within the Cabinet.

This relative stasis was not matched at junior ministerial levels: 44% of all ministers across government were new to their roles after the post-election reshuffle. This upheaval came less than a year after May's first set of government appointments in 2016, when 11 Cabinet attendees left government, three new departments were created, and only at the Ministry of Defence did more than half of ministers stay in post.<sup>3</sup>

Figure S3 **When ministers were appointed to their current post (9 January 2018)**

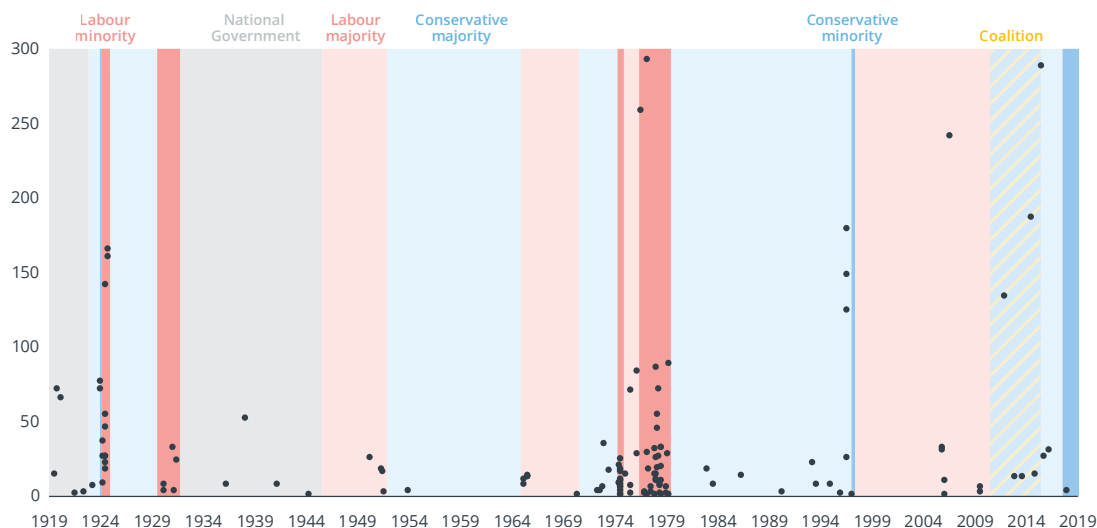


Source: Institute for Government ministerial database, drawing on GOV.UK and twitter.com/number10gov. Moves between reshuffles are counted with the previous reshuffle.

The January 2018 reshuffle caused even more upheaval. Moves at Cabinet level were relatively limited – 31% of attendees were new to their roles, and media attention focused on mooted moves which failed to materialise. However, the Ministry of Justice (MoJ) and Department for Digital, Culture, Media and Sport (DCMS) each welcomed their sixth Secretary of State since 2010. Junior ministerial turnover was high: 38.5% of all government ministers were new to their roles, including the entire ministerial team at the Cabinet Office and three quarters at the MoJ. 71% of ministers have been appointed to their roles since the 2017 general election.

Turnover at the Department for Exiting the European Union (DEXEU) has been notable. Only the Secretary of State, David Davis, and one other minister (Robin Walker) have remained in place since the department was created in July 2016. Half of DEXEU's ministers changed at the June 2017 reshuffle. The Department's Lords minister, a critical role given the challenge of navigating Brexit legislation through the upper house, has changed three times since June 2017. DEXEU had two permanent secretaries in 2017, and the National Audit Office has reported that DEXEU's staff turnover is 9% a quarter, when most departments average 9% a year.<sup>4</sup> More positively, given all this churn, DEXEU's ministerial team survived the January 2018 reshuffle intact (indeed, the department gained an extra minister).

Figure S4 **Size of government defeats in the House of Commons, January 1918 to December 2017**



Source: Institute for Government analysis of sources including Butler and Butler, *British Political Facts*; parliament.uk; and Wikipedia.

The Government would have found preparing the statute book for Brexit challenging under any circumstances, with a heavy workload of primary and secondary legislation to be passed within a vanishing timetable. Lacking a majority, it will also need to work hard to avoid defeats in the Commons, which are much more likely under minority governments: Labour in the late 1970s was defeated more than 30 times between 1976 and 1979. Avoiding defeats could be made more difficult by a high level of turnover in the Commons Whips' Office: there have been two chief whips and three deputy chief whips since November 2017, and more than 70% of whips were new to their posts following the January 2018 reshuffle.

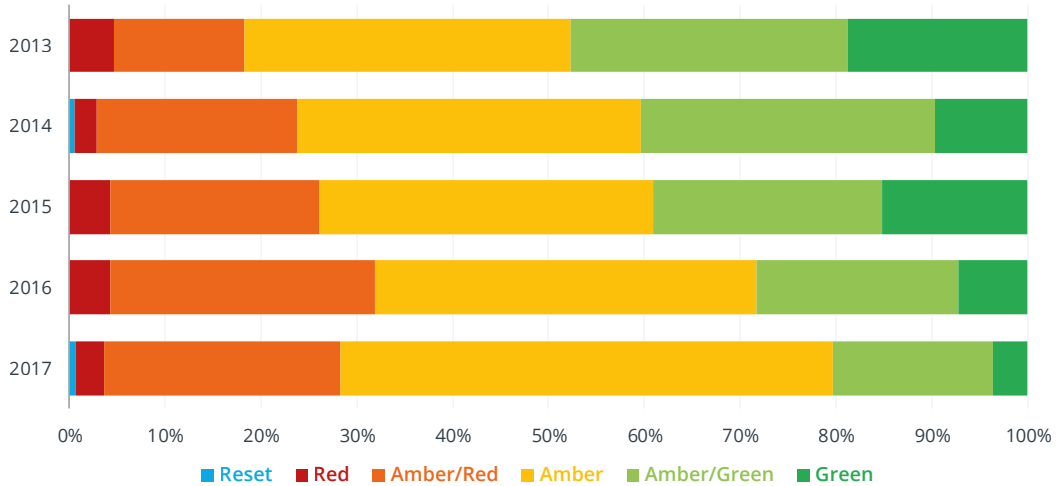
The early election disrupted select committee inquiries midstream, delayed government responses to committee reports, and stymied scrutiny as committees had to wait to be re-established. It took until November 2017 for the chair of the Liaison Committee to be elected and for the Intelligence and Security Committee to be set up.<sup>5</sup>

The early election also scuppered a planned revision of Single Departmental Plans, which were supposed to identify political priorities but initially failed to do so. A month before the election was called, the Government agreed the plans could be improved and promised to update them in June 2017. The election disrupted the planned revision and added numerous new political priorities in a manifesto that was the second-longest from the Conservatives since at least 1945<sup>6</sup>.

The Single Departmental Plans published in December 2017 were an improvement on their predecessors, many of which had not been updated since February 2016. None had previously existed for DExEU, the Department for International Trade (DIT) and the Department for Business, Energy and Industrial Strategy (BEIS). The new plans show a greater sense of prioritisation, a more consistent format and some performance data to track progress. But they should still prioritise further, and link priorities with spending and workforce strategy, giving a sense of whether the civil service has the right skills and experience to deliver them.<sup>7</sup>



Figure S5 **Red-Amber-Green rating (where known) of all projects in the government major projects portfolio, 2013–17**

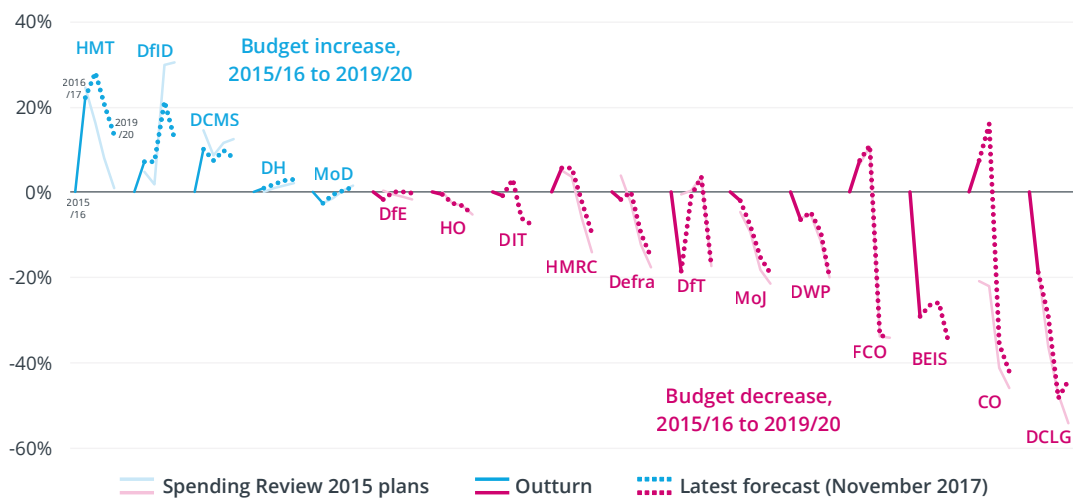


Source: Institute for Government analysis of Infrastructure and Projects Authority annual reports, 2013–17. Data in each report as of previous September.

When it comes to the Government’s portfolio of projects, the number of projects remains as high as last year (143). This is before Brexit-related projects, in areas like customs and immigration, begin in earnest; the National Audit Office estimates there are 14 projects ‘critical for immediate implementation after EU Exit’ that might need to enter the Government’s portfolio.<sup>8</sup>

The Infrastructure and Projects Authority’s confidence that the portfolio of major projects will be delivered on time and on budget has fallen: only one fifth now have the highest green or amber/green confidence rating, compared with nearly half in 2013. More costly projects have lower confidence ratings: a third of projects worth over £1bn are rated amber/red or red.

Figure S6 **Percentage change in planned ‘day-to-day’ spending (Resource Departmental Expenditure Limits [RDEL], real terms), 2015/16 to 2019/20**



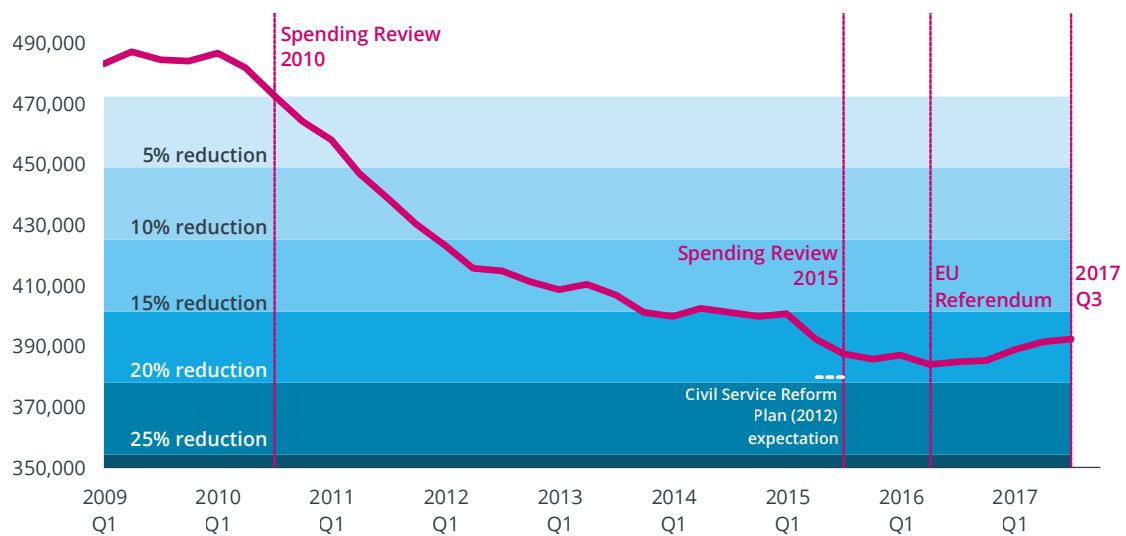
Source: Institute for Government analysis of HM Treasury (HMT), Public Expenditure Statistical Analyses, 2016–2017, and Spending Review 2015. Figures exclude depreciation.

The Government also faces challenges in delivering public services. Many departments are expected to cut their day-to-day spending budgets (Resource Departmental Expenditure Limits (DEL), in the jargon) over the next few years, including some – like the MoJ and Department for Communities and Local Government (DCLG, renamed the Ministry of Housing, Communities and Local Government in January 2018) – that have already absorbed significant cuts since 2010. Finding ways to control spending further without affecting the quality of public services will be challenging, given that most ‘belt-tightening’ options, like pay freezes and staff cuts, have already been tried. The Institute for Government’s *Performance Tracker* estimates that over a five-year period from 2015/16, the Government has already committed to spending £10bn on emergency cash injections to alleviate pressures on public services. To avoid this in future, it needs to change how services operate.<sup>9</sup>

## The civil service: increasing numbers and morale – but not diversity

Departments are preparing for Brexit by hiring more staff, and civil servants are as motivated as ever. But considerable challenges remain in improving the diversity of the civil service.

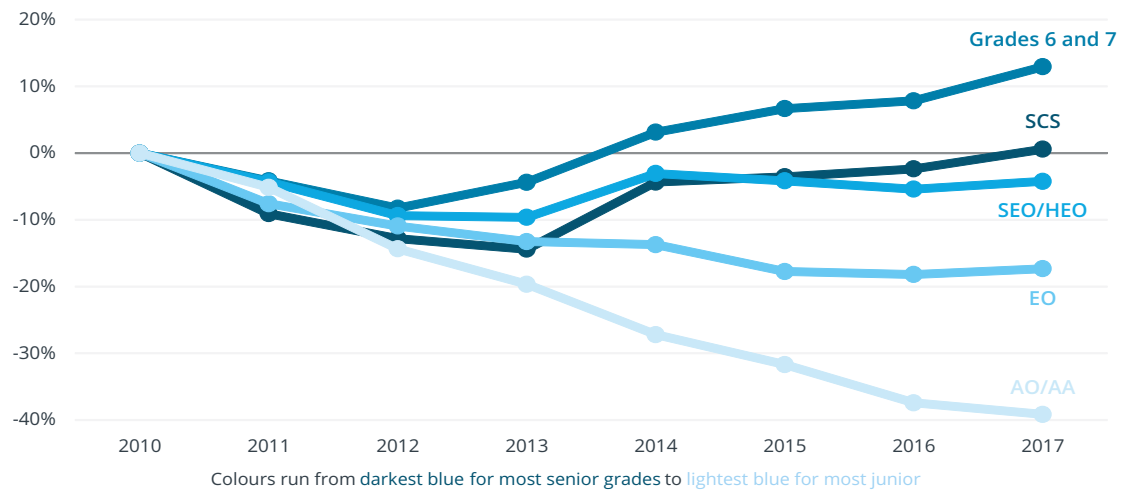
Figure S7 **Civil service staff numbers (full-time equivalent), March 2009 to September 2017**



Source: Institute for Government analysis of Office for National Statistics (ONS), Public Sector Employment (Table 9), Q1 2009 and Q3 2017.

After staffing hit its lowest level since the Second World War in June 2016, the civil service has added more than 8,000 staff to reach just over 392,000 in September 2017. Some of this increase is Brexit-related: as well as DExEU and DIT building up their capacity, the Department for Environment, Food and Rural Affairs (80% of the work of which is framed by EU legislation) and BEIS (thought to have more Brexit workstreams than any other department) are also increasing staff numbers. This upward trend looks set to continue, with the Home Office currently recruiting 1,200 additional immigration caseworkers and 300 border staff.<sup>10</sup>

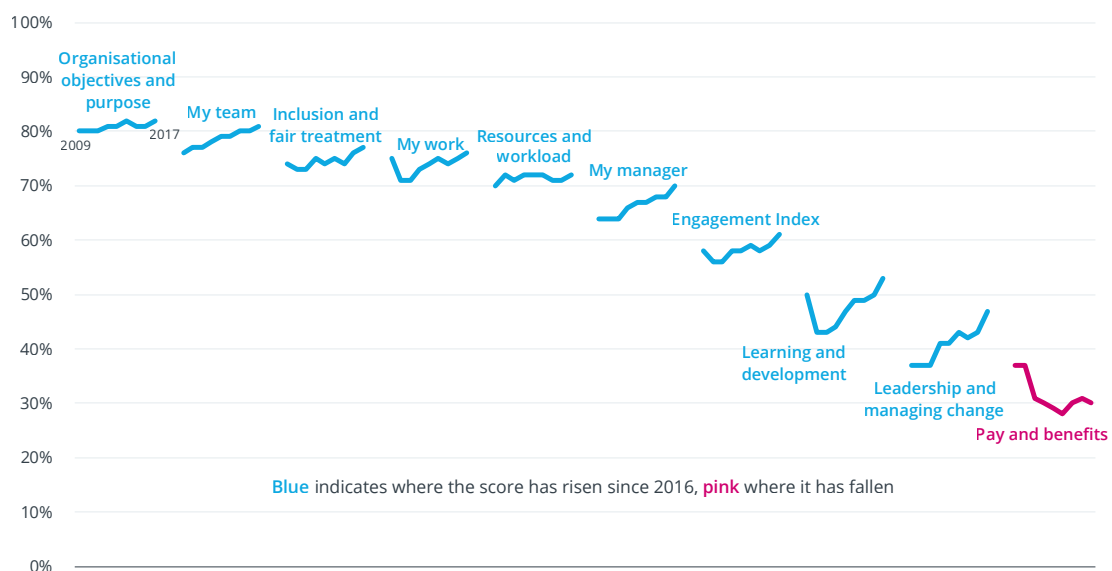
Figure S8 **Percentage change in civil servants at each grade, 2010–2017 (headcount, where known)**



Source: Institute for Government analysis of ONS, Annual Civil Service Employment Survey, 2010 to 2017. Senior civil service (SCS) includes civil servants at equivalent level.

But Brexit is only part of the story. The numbers of civil servants in the second most senior grade, grades 6 and 7, have been increasing since 2012. (Numbers have also been increasing in the senior civil service, though some of this is due to machinery of government changes rather than recruitment.) Only at the most junior administrative level – AA/AO (administrative assistants and officers), including prison officers and people administering benefits and staffing job centres – have numbers continued to fall. This means reductions have been driven by cutting administrative staff who tend to be located in the English regions, while more senior, usually London-based policy officials are actually more numerous than in 2010.

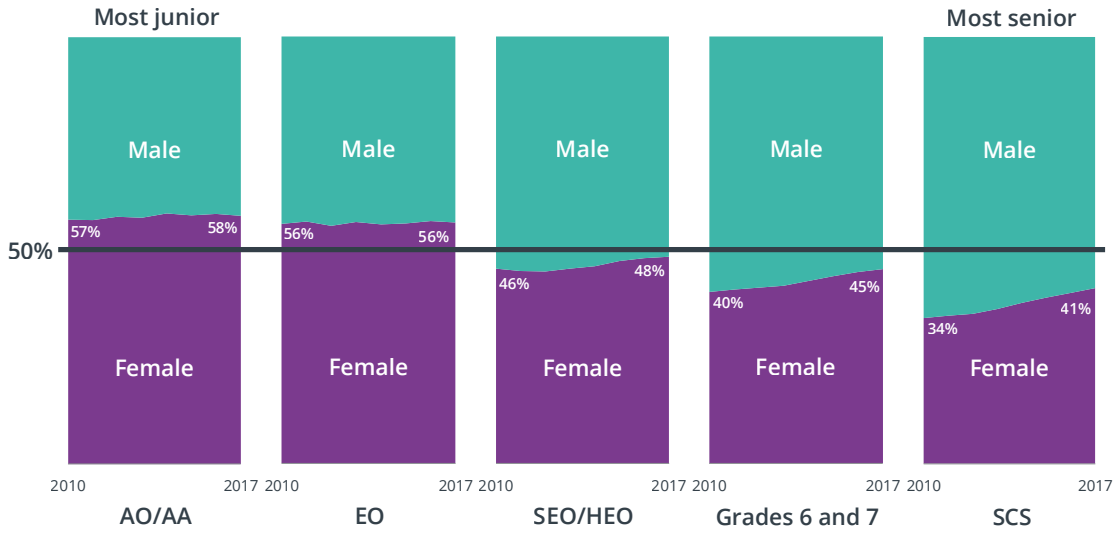
Figure S9 **Civil Service People Survey – theme scores, 2009–2017**



Source: Institute for Government analysis of Cabinet Office, Civil Service People Survey, 2009–2017. Adjusted for changes to 'organisational objectives and purpose', 'resources and workload' and 'leadership and managing change' themes in 2017.

Staff morale is a vital sign of administrative health. According to the Civil Service People Survey, morale has reached a record high across the civil service. The annual engagement index (an average of five questions asking civil servants about pride in, advocacy of, attachment to, inspiration from and motivation by their departments) is at 61%, up two points on 2016. Engagement scores rose across all but one of the other 'themes' in the survey, in which civil servants are asked about everything from leadership to how their work fits in with their organisation's objectives. The exception was pay and benefits. Despite austerity and whatever might be happening at a political level, civil servants' experience of their own work is more positive than ever.

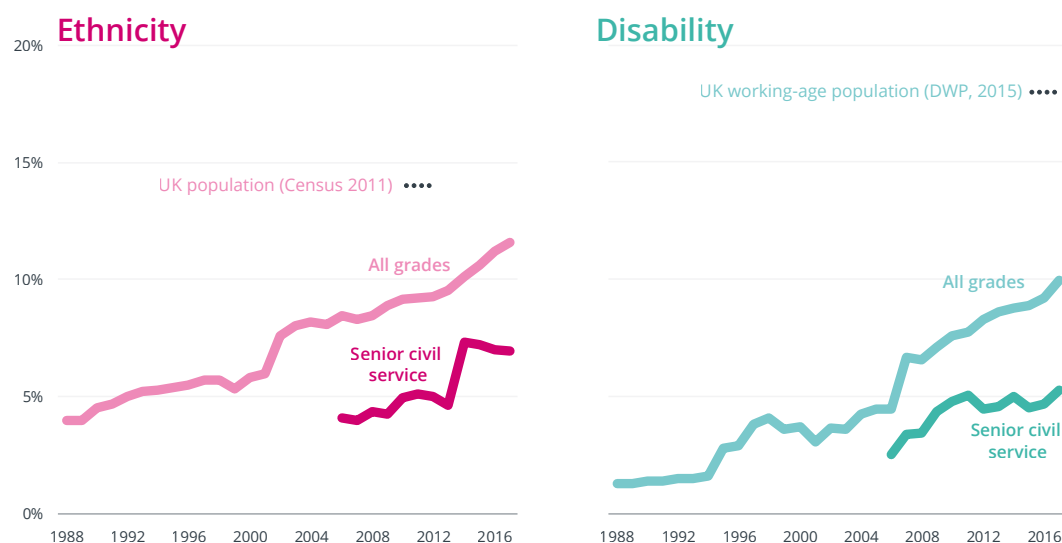
Figure S10 **Gender balance of each civil service grade, 2010–2017 (headcount)**



Source: Institute for Government analysis of ONS Annual Civil Service Employment Survey, 2010–2017. SCS figures include civil servants at equivalent SCS level.

The story on diversity is less positive. While there has been progress on gender diversity – more than two fifths of all senior civil servants (and equivalent grades) are now women, a record high – women are still underrepresented at the top. Women outnumber men in the more junior grades but the percentage decreases with each step up in grade, with women remaining in the minority at grades 6 and 7 and the senior civil service. Of those appointed permanent secretaries in 2017, as many were men with the surname Rycroft as were women (two in each case).

Figure S11 **Percentage of civil servants and senior civil servants from an ethnic minority and with a disability (headcount, where known), 1988–2017**



Source: Institute for Government analysis of ONS, Annual Civil Service Employment Survey, 1988–2017; Cabinet Office, Senior Civil Service database, 1996–2006; Department for Work and Pensions (DWP), Family Resources Survey: financial year 2015/16, March 2017. SCS includes equivalent grades.

The picture is worse for ethnic minority and disabled civil servants at the most senior levels: representation is lower in the senior civil service than across both the civil service as a whole and the general population, with little recent progress. The civil service leadership is taking these issues seriously, most recently promising specific action on underrepresented groups at senior civil service level through a new diversity and inclusion strategy. This includes pledges to set and monitor civil service-wide targets from April 2018, which we look forward to analysing – although a lot of diversity data remains unavailable as individuals choose not to disclose them. The Cabinet Office has for the first time started gathering data on and working out new measures for another important characteristic: socio-economic background. This is a welcome step, but it would be better still if these data were published to enable the public to get a sense of the situation and provide an external stimulus to improve matters.

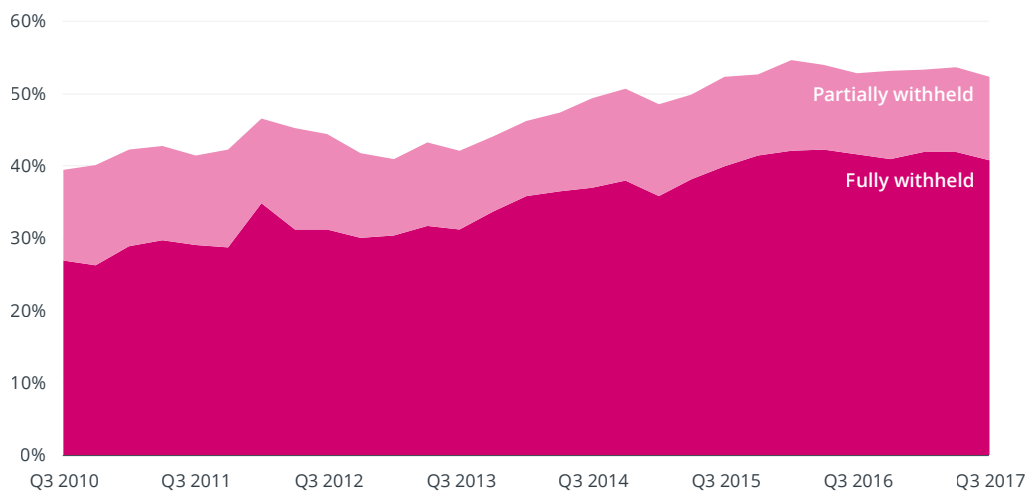
## Data and transparency: government less open, especially DExEU

Openness is important for accountability: Parliament, press and the public should all be able to understand what government is doing and how well it is doing it. But openness also matters for government effectiveness. Publishing data can foster improvements in its use and quality, and widen the audience that might draw insights. It also has consequences for the economy in terms of businesses that might utilise open data.

There have been some positive steps over the past year. The Prime Minister's race disparity audit shone a light on difficult truths. The Conservative manifesto promise to 'continue the drive for open data' was converted into Budget announcements of a commission on geospatial data use and a centre for data ethics. The UK remains at or near the top of global open data rankings. We have also seen progress in the publication of government grants data, the development of 'registers' (single reliable lists, of anything from countries recognised by the UK to local authorities), and in December 2017, the Government Digital Service issuing new guidance for publishing transparency data.<sup>11</sup>

But, again, the political situation has had an impact on transparency. The Government's own assessment of its Open Government Partnership commitments – on everything from Freedom of Information to contract transparency – notes slower delivery because of 'institutional change'. One fifth of these commitments are behind schedule.<sup>12</sup> Despite the promises of the 2017 Government Transformation Strategy, no chief data officer has been appointed.<sup>13</sup> Without such leadership or political sponsorship, it's not always obvious who has lead responsibility for data in government. Compiling this report is not as easy as it should be: there are inconsistencies in how departments are labelled, gaps in data, a lack of clarity and explanation, and a sense that data users have not been considered, with data veiled in vexing formats.

Figure S12 **Percentage of Freedom of Information requests withheld by government departments, Q3 2010 to Q3 2017**



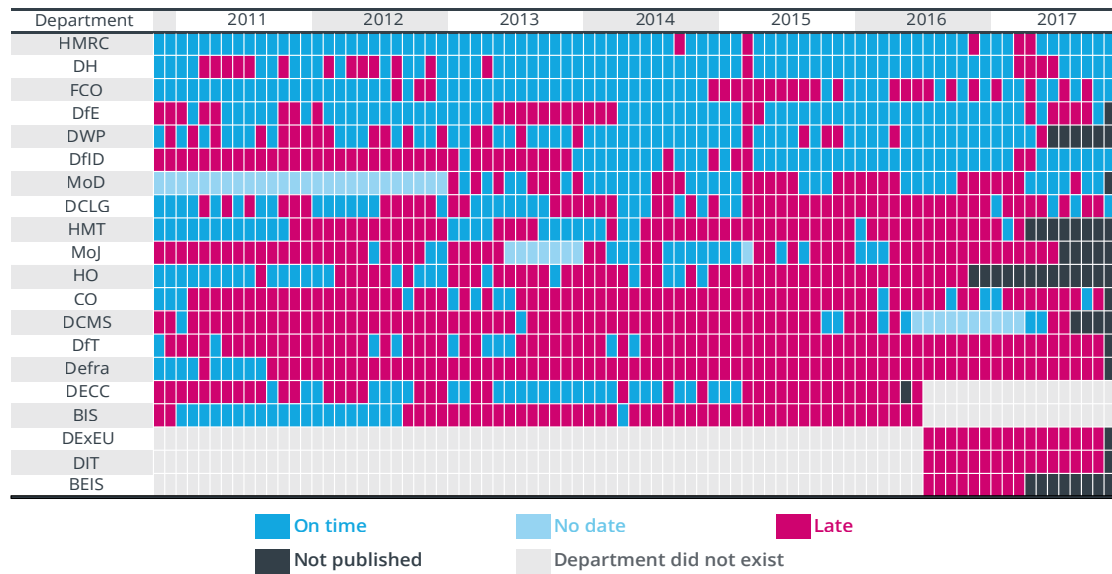
Source: Institute for Government analysis of Cabinet Office/Ministry of Justice, Freedom of Information Statistics, Q3 2010 to Q3 2017.

Departments continue to be opaque in their responses to Freedom of Information requests. In late 2010, they responded to 39% of requests by withholding information in part or in full; by the third quarter of 2017 they were doing so 52% of the time.

DExEU has a particularly poor record. In the four quarters to Q3 2017, it was the least likely of all departments to release information in response to requests. On ministerial correspondence, it has the sixth-worst response rate, despite giving itself longer to respond than most departments. On parliamentary questions, it has a below-average response rate. This poor performance reflects more than the growing pains of a new department, and is only part of a broader picture of opacity: ministers resisted the release (and then denied the existence) of assessments of the impact of Brexit on various economic sectors, and have been opaque about their negotiating objectives even as the EU has used transparency as a tool to set the agenda and get what it wants.<sup>14</sup>

Being open isn't only about responding to requests, but also about proactive publication. In 2010, David Cameron mandated departments to publish datasets including spending items over £25,000 (monthly), organograms of their internal organisation (every six months), and the meetings attended and hospitality received by ministers (quarterly).

Figure S13 **Departmental publication of £25,000 spending, November 2010 to November 2017**



Source: Institute for Government analysis of data.gov.uk and GOV.UK, monthly spending over £25,000, 2010 to 2017, as of 4 January 2018. BEIS spending for July 2016 was recorded as spending by its predecessor, the Department for Business, Innovation and Skills (BIS).

Publication of this data continues to be patchy. On spending over £25,000, fewer than a quarter of releases were published on time; a fifth have not been published at all. On organograms, more than half of departments have failed to publish their March 2017 data, and the departments created in 2016 – BEIS, DExEU and DIT – have never published any (although DExEU has published a few ‘senior team organogram’ diagrams). Departments have become better at publishing hospitality releases for their ministers within the three-month limit, but even these could be published more quickly.

Why does this patchy publication matter? It might imply a lack of political drive towards openness, or reflect a smaller civil service with fewer staff and other priorities. But it also suggests that few people in government are using the data within these releases.<sup>15</sup> This is also evident from the quality of some published data, the difficulties in linking and comparing different datasets, and the effort involved in turning data into information and insight. Information that should be everyday and essential, such as how departments spend their money, instead has to be chased across different publications and stitched together in spreadsheets, to give us even a chance of understanding what’s happening in government. As the Institute’s *Performance Tracker* shows, the same applies to data on everything from crime rates (where different sources contradict one another) to how neighbourhood services are performing.<sup>16</sup>

Government should ask what data it needs to inform decisions on its governing agenda and drive improvements in its administration. Parliament should be asking what data it needs to hold government accountable for those decisions. We will all benefit from a government that uses data to govern more effectively, and publishes data so we can understand them better. The alternative is making decisions – and leaving those outside government – in the dark.







## 1 Political leadership

Theresa May has faced a turbulent 12 months. Her attempt to gain a larger Commons majority through an early election resulted in a surprise hung parliament, and a political situation which hampered her ability to reshuffle her Cabinet ministers. Her decision to move a high proportion of junior ministers, both after the election and in January 2018, could make it more difficult for her Government to achieve its objectives.

Following the reshuffle after the 2017 election, only 25% of Cabinet ministers were new to their role, fewer than after any other election or change of Prime Minister since at least 1997. Cabinet stability is positive: ministers are often moved around too much. Nonetheless, in this instance it was also indicative of some loss of prime ministerial authority. After losing three Cabinet ministers in seven weeks at the end of 2017, May conducted another reshuffle in January 2018.

Churn at junior ministerial levels, where a lot of government business gets done, was considerably higher than that within the Cabinet at both reshuffles: 71% of all current ministers have taken on their roles since the 2017 election. Following the January 2018 reshuffle, all Cabinet Office ministers and three quarters of Ministry of Justice (MoJ) ministers were new to their role.

The Department for Exiting the European Union (DExEU) was largely untouched by the January 2018 reshuffle, but lost three ministers in four months during 2017, and is now on its third different Lords minister.

Post-election changes to Cabinet committees, which can take decisions that are binding across government, suggested that May had become more willing to delegate: after the election, her deputy, Damian Green, chaired more committees than she did. Cabinet committees are currently focused on national security, Brexit and industrial strategy, reflecting the Prime Minister's stated priorities.

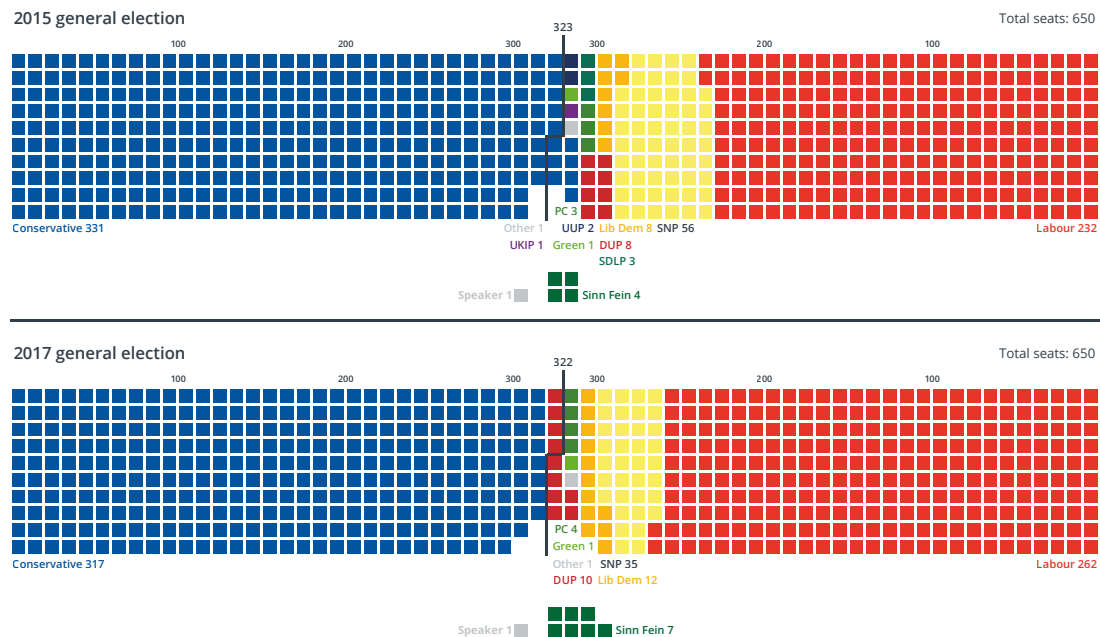
The January reshuffle slightly increased the presence of women within May's Government. Female ministers now make up 34.5% of Cabinet attendees, and there is only one department without a female minister, compared to five before.

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## Minority government may make governing difficult in the run-up to Brexit

Figure 1.1 **Composition of the House of Commons after the 2015 and 2017 general elections**



Source: Institute for Government analysis of House of Commons Library election statistics and the 2017 general election result.

In April 2017, Theresa May announced her intention to call an early general election. Her rationale was that 'the country is coming together but Westminster is not... Division in Westminster will risk our ability to make a success of Brexit'.<sup>1</sup> But two months later, the 'division' May sought to end was entrenched by a widely unanticipated hung parliament (although Survation and YouGov estimates were close to the actual result).<sup>2</sup> This was the fifth general election since 1918 in which no party won a majority of seats (the others were in 1923, 1929, February 1974 and 2010). With 317 seats, just a few short of a majority, the Conservatives formed a minority administration, supported by a confidence and supply arrangement with the Democratic Unionist Party.<sup>3</sup>

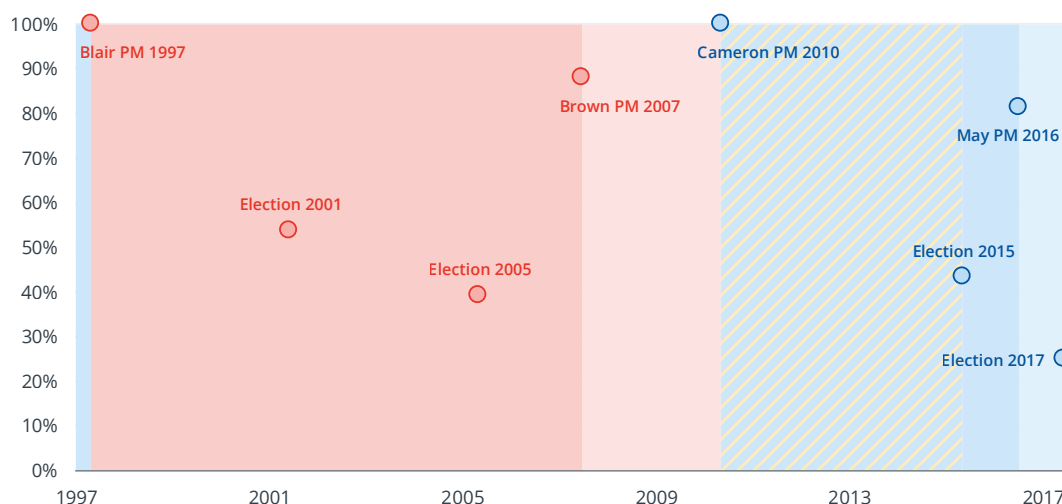
Hung parliaments are not inherently unstable – both coalition and minority governments have been made to work – but the Government will need to prioritise and achieve consensus if it is to achieve its objectives. As a minority administration, it is more vulnerable to defeats in the House of Commons (see Chapter 5, on passing legislation).

For the first 17 months of her premiership, Theresa May did not suffer a defeat, but maintaining this record was difficult. The Government used a number of means to avoid losing a vote – from changing its position (as with the concession to cover the cost of abortions for women in Northern Ireland)<sup>4</sup> to the more unusual use of a three-line whip to enforce abstentions (as with the Opposition Day Motion for pausing the rollout of Universal Credit). The abstention technique earned a rebuke from the Speaker of the House, John Bercow, who said: 'It would be respectful to the House if a minister sooner rather than later were to come to the House, to give an indication of the Government's thinking.'<sup>5</sup>

Following a series of narrow victories on amendments to the EU Withdrawal Bill, the Government was defeated for the first time, on an amendment which required Parliament to have a 'meaningful vote' on a final Brexit deal. May's first defeat, on a crucial piece of Brexit legislation, was a demonstration of the difficulties that a minority government faces in achieving its objectives. The small majority also means the Government may struggle to reverse amendments made by the House of Lords.

## May's ability to reshuffle her Cabinet was limited following the election

Figure 1.2 **Percentage of Cabinet ministers new to their posts after general elections and changes of Prime Minister, 1997 to 2017**



Source: Institute for Government ministerial database. Note: Cabinet only, not whole of government.

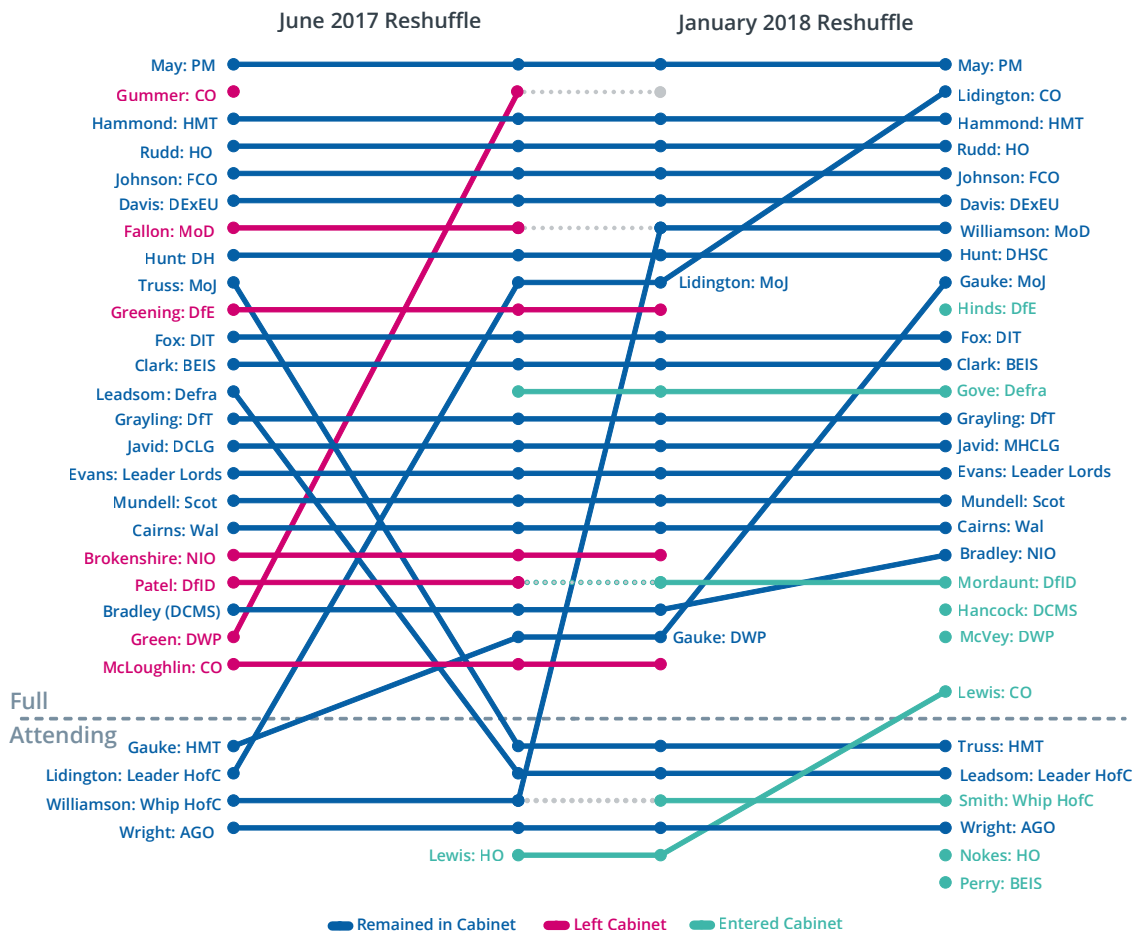
Following the unexpected election result, with Europe continuing to divide the Conservative party, without the cover of a majority a parliamentary majority, and with polls suggesting declining public satisfaction with her leadership (her minus 25 rating in July 2017 was the lowest ever recorded by Ipsos MORI for a prime minister in a month following a general election), the Prime Minister's ability to reshuffle her Cabinet was reduced.<sup>6</sup> Despite speculation before the election about Cabinet changes,<sup>7</sup> the only person to leave the Cabinet was the Minister for the Cabinet Office, Ben Gummer, who lost his Ipswich seat.

In total, 21 Cabinet attendees remained in the same position; only 25% of Cabinet ministers were new to their posts. This is lower than following any general election or change of Prime Minister since at least 1997. Although Cabinet stability is normally positive (ministers are often moved around too much), in this instance it was also indicative of some loss of prime ministerial authority.

Some changes did take place: Damian Green, David Gauke and David Lidington were all promoted (Green becoming First Secretary of State and second among equals behind May). Liz Truss and Andrea Leadsom were moved to less prominent posts. Meanwhile, Michael Gove re-entered Cabinet, as Secretary of State for Environment, Food and Rural Affairs, and Brandon Lewis joined for the first time as Minister of State for Immigration.

However, in November 2017 Theresa May was forced to make further Cabinet changes as Michael Fallon (Secretary of State for Defence) and Priti Patel (Secretary of State for International Development) became embroiled in separate scandals (relating to sexual harassment, and undocumented meetings while on holiday in Israel, respectively). In December 2017, May lost her third Cabinet member in seven weeks after Damian Green (First Secretary of State and Minister for the Cabinet Office) was found to have breached the ministerial code during an investigation into his alleged inappropriate behaviour. Having responded to the loss of Fallon and Patel with minimal change, May used Green's exit to instigate a wider reshuffle in January 2018.

Figure 1.3 Cabinet moves following the 2017 general election and January 2018 reshuffle



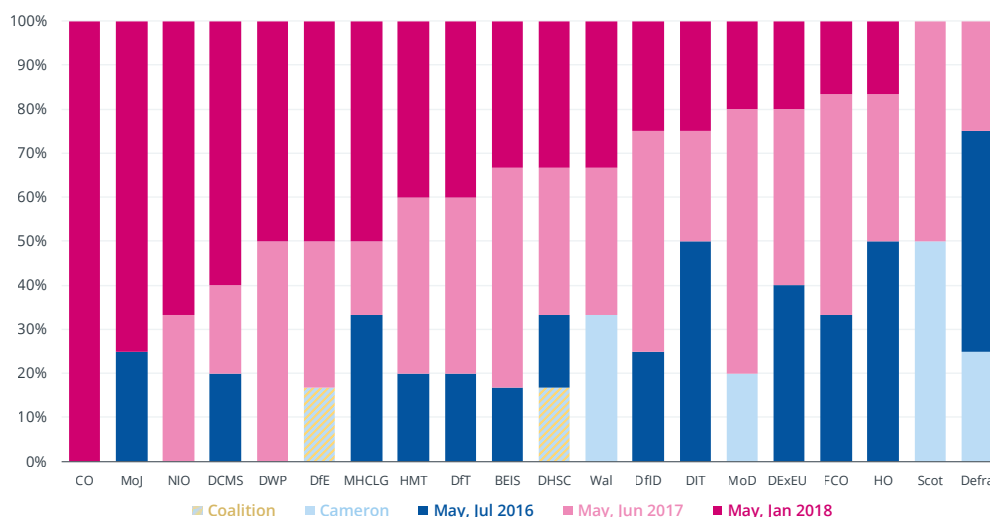
Source: Institute for Government ministerial database, based on announcements from 10 Downing Street.

At first glance, the January reshuffle may not appear to have been extensive at Cabinet level, resulting as it did in 31% of Cabinet ministers being new to their post and just three people leaving (including Education Secretary, Justine Greening, who chose not to accept an alternative post). Jeremy Hunt reportedly refused to leave the Department of Health. But new secretaries of state were appointed to departments which have experienced significant turnover in recent years: David Gauke and Matt Hancock became the sixth Justice Secretary and sixth Digital, Culture, Media and Sport Secretary respectively since 2010. David Lidington became the fifth Minister for the Cabinet Office and Esther McVey the fifth Work and Pensions Secretary during the same period.<sup>8</sup>

Two departments were renamed during the reshuffle: the Department of Health (now the Department of Health and Social Care, or DHSC), and the Department for Communities and Local Government (now the Ministry of Housing, Communities and Local Government, or MHCLG). This may have been an attempt to signal the Government’s domestic policy ambitions, though it was not immediately clear whether either department would take on any new responsibilities.

## There has been much higher turnover at junior ministerial level

Figure 1.4 **When government ministers were appointed to their current post (9 January 2018)**



Source: Institute for Government ministerial database, drawing on GOV.UK and twitter.com/number10gov.

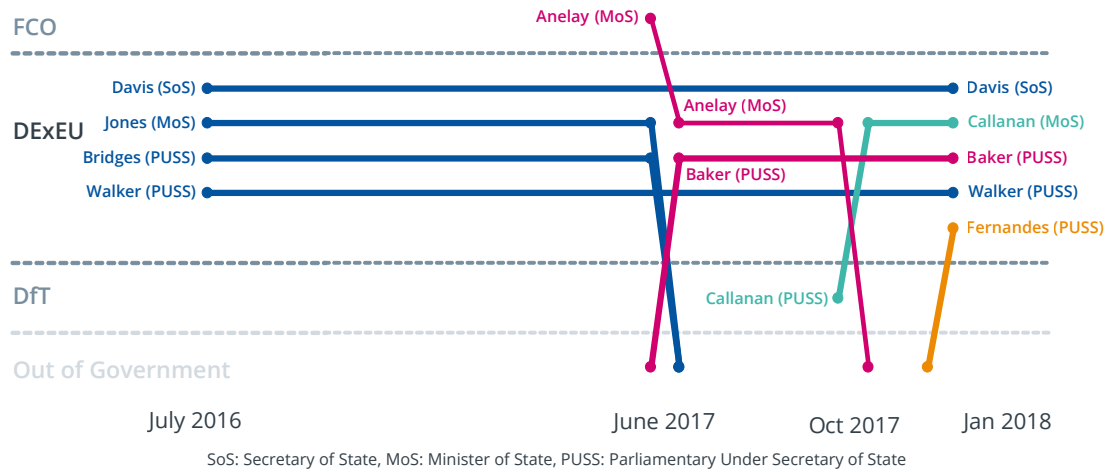
Reshuffles of junior ministers tend to attract less attention than Cabinet changes, but are still significant: junior ministers often lead the implementation of particular policies and represent their departments in parliament. Following the June 2017 reshuffle, 44% of ministers across government were new to their posts, with eight departments having 50% or fewer ministers continuing in post – at the Treasury Philip Hammond was the only minister not to leave.<sup>9</sup> At the January 2018 reshuffle, 38.5% of ministers were new to their position. Altogether, following the January reshuffle, 71% of ministers have been appointed to their posts since the 2017 general election.

The greatest changes in January were at the Cabinet Office, with all its ministers new to post, and the MoJ, where three out of the four are new. Another five departments also had more than half of their ministers replaced. Only at the Department for Environment, Food and Rural Affairs (Defra) and the Scotland Office has the ministerial make-up been unchanged since July 2017.

Another area of significant churn was the House of Commons Whips’ Office, which has had two different chief whips and three different deputy chief whips since October 2017. 72% of all whips were new to their post following the January reshuffle. This is despite the particular importance of parliamentary management under a minority government.

As a consequence of the two reshuffles, fewer than a third of government ministers now hold the same position as they did in Theresa May’s initial government appointments in July 2016.

Figure 1.5 Ministerial moves affecting the Department for Exiting the European Union, July 2016 to January 2018

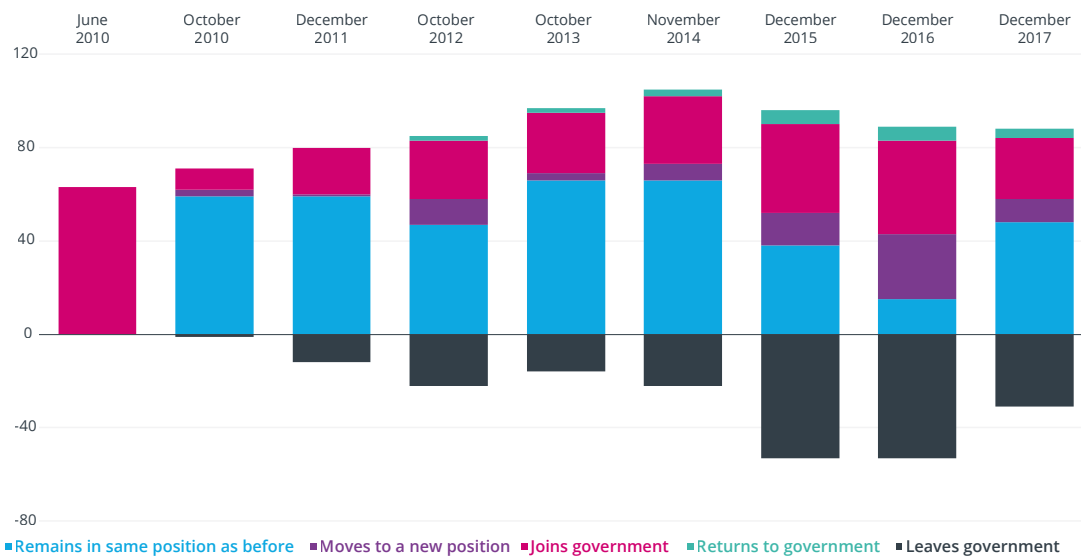


Source: Institute for Government analysis of ministerial announcements on GOV.UK.

The ministerial team at the Department for Exiting the European Union (DExEU) was left intact at the January reshuffle, though it did gain a minister. But it had already experienced disruption during 2017. Half of ministers at DExEU were changed a week before major negotiations with the EU began, as part of the Prime Minister's post-election reshuffle. There were further changes in late October 2017, as Minister of State Baroness Anelay stepped down to be replaced by Lord Callanan. This means that the department lost three ministers in the space of just over four months, and is now on its third different minister in the Lords – a critical role, given the importance of shepherding Brexit legislation through the upper house. DExEU is also on its second permanent secretary this year, with Oliver Robbins – who previously performed a dual role at DExEU and as the Prime Minister's Brexit 'sherpa' – moved back to Number 10, to be replaced by Philip Rycroft.

## Turnover of special advisers (spads) has reduced from 2016, but is still higher than under the Coalition

Figure 1.6 Churn of government special advisers, June 2010 to December 2017



Source: Institute for Government analysis of Cabinet Office, special adviser data releases, June 2010 to December 2017.

As of December 2017, there were 88 special advisers (spads) – temporary civil servants who provide political support to ministers.<sup>10</sup> The number of spads rose from 63 in June 2010 to a peak of 107 in November 2014, as the Government got to grips with the challenges of coalition. The Prime Minister's Office currently has by far the greatest number, 32; next is the Treasury, with six.

In recent years, there has been a high turnover of special advisers as the Coalition gave way to first the Cameron and then the May governments. In December 2016, only 17% of spads were in the same position as the year before. If 2017 provided an opportunity to limit turnover among special advisers, it was complicated by the general election: 12 spads from the Prime Minister's Office left their posts between December 2016 and July 2017.<sup>11</sup> Overall, turnover was lower in 2017 than in 2016 when 55% of spads were in the same position as the previous year. Eight departments retained all of their spads between December 2016 and December 2017, while five kept none.

But turnover was still higher than throughout the coalition period. The reshuffle in January 2018 is likely to mean that this high turnover will continue into a fourth year.

## The post-election Cabinet committees reflect the Government's priorities...

Figure 1.7 Cabinet committees, June 2015 to November 2017

| Name of the committee                                      | June 2015 | April 2016 | October 2016 | March 2017 | July 2017 | November 2017 |
|--|-----------|------------|--------------|------------|-----------|---------------|
| National Security Council                                  | Committee | Committee  | Committee    | Committee  | Committee | Committee     |
| NSC (Nuclear Deterrence and Security)                      | Committee | Committee  | Committee    | Committee  | Committee | Committee     |
| NSC (Threats, Hazards, Resilience and Contingencies)       | Committee | Committee  | Committee    | Committee  | Committee | Committee     |
| NSC (Strategic Defence and Security Review Implementation) | Committee | Committee  | Committee    | Committee  | Committee | Committee     |
| NSC (Cyber)  | Committee | Committee  | Committee    | Committee  | Committee | Committee     |
| NSC (Counter Terrorism)                                    | Committee | Committee  | Committee    | Committee  | Committee | Committee     |
| NSC (Syria and Iraq)                                       | Committee | Committee  | Committee    | Committee  | Committee | Committee     |
| Parliamentary Business and Legislation                     | Committee | Committee  | Committee    | Committee  | Committee | Committee     |
| European Affairs   | Committee | Committee  | Committee    | Committee  | Committee | Committee     |
| Europe   | Committee | Committee  | Committee    | Committee  | Committee | Committee     |
| EU Referendum  | Committee | Committee  | Committee    | Committee  | Committee | Committee     |
| European Union Exit and Trade                              | Committee | Committee  | Committee    | Committee  | Committee | Committee     |
| European Union Exit and Trade (European Affairs)           | Committee | Committee  | Committee    | Committee  | Committee | Committee     |
| European Union Exit and Trade (International Trade)        | Committee | Committee  | Committee    | Committee  | Committee | Committee     |
| European Union Exit and Trade (Strategy and Negotiations)  | Committee | Committee  | Committee    | Committee  | Committee | Committee     |
| European Union Exit and Trade (Domestic Preparedness...)   | Committee | Committee  | Committee    | Committee  | Committee | Committee     |
| Economic Affairs   | Committee | Committee  | Committee    | Committee  | Committee | Committee     |
| Economy and Industrial Strategy                            | Committee | Committee  | Committee    | Committee  | Committee | Committee     |
| Economic Affairs (Reducing Regulation)                     | Committee | Committee  | Committee    | Committee  | Committee | Committee     |
| Economic Affairs (Airports)                                | Committee | Committee  | Committee    | Committee  | Committee | Committee     |
| Economy and Industrial Strategy (Airports)                 | Committee | Committee  | Committee    | Committee  | Committee | Committee     |
| Economy and Industrial Strategy (Economic Affairs)         | Committee | Committee  | Committee    | Committee  | Committee | Committee     |
| Economy and Industrial Strategy (Reducing Regulation)      | Committee | Committee  | Committee    | Committee  | Committee | Committee     |
| Social Justice   | Committee | Committee  | Committee    | Committee  | Committee | Committee     |
| Social Reform  | Committee | Committee  | Committee    | Committee  | Committee | Committee     |
| Social Reform (Home Affairs)                               | Committee | Committee  | Committee    | Committee  | Committee | Committee     |
| Home Affairs   | Committee | Committee  | Committee    | Committee  | Committee | Committee     |
| Home Affairs (Armed Forces Covenant)                       | Committee | Committee  | Committee    | Committee  | Committee | Committee     |
| Public Expenditure   | Committee | Committee  | Committee    | Committee  | Committee | Committee     |
| Public Expenditure (Efficiency)                            | Committee | Committee  | Committee    | Committee  | Committee | Committee     |
| Constitutional Reform                                      | Committee | Committee  | Committee    | Committee  | Committee | Committee     |
| Housing  | Taskforce | Taskforce  | Taskforce    | Taskforce  | Taskforce | Taskforce     |
| Immigration  | Taskforce | Taskforce  | Taskforce    | Taskforce  | Taskforce | Taskforce     |
| Childcare  | Taskforce | Taskforce  | Taskforce    | Taskforce  | Taskforce | Taskforce     |
| Digital Infrastructure and Inclusion                       | Taskforce | Taskforce  | Taskforce    | Taskforce  | Taskforce | Taskforce     |
| Digital  | Taskforce | Taskforce  | Taskforce    | Taskforce  | Taskforce | Taskforce     |
| Earn or Learn  | Taskforce | Taskforce  | Taskforce    | Taskforce  | Taskforce | Taskforce     |
| Tackling Extremism in Communities                          | Taskforce | Taskforce  | Taskforce    | Taskforce  | Taskforce | Taskforce     |
| Child Protection   | Taskforce | Taskforce  | Taskforce    | Taskforce  | Taskforce | Taskforce     |
| Exports  | Taskforce | Taskforce  | Taskforce    | Taskforce  | Taskforce | Taskforce     |
| Health and Social Care                                     | Taskforce | Taskforce  | Taskforce    | Taskforce  | Taskforce | Taskforce     |
| Syrian Returnees   | Taskforce | Taskforce  | Taskforce    | Taskforce  | Taskforce | Taskforce     |
| Troubled Families  | Taskforce | Taskforce  | Taskforce    | Taskforce  | Taskforce | Taskforce     |
| Tackling Modern Slavery and People Trafficking             | Taskforce | Taskforce  | Taskforce    | Taskforce  | Taskforce | Taskforce     |
| Employment and Skills                                      | Taskforce | Taskforce  | Taskforce    | Taskforce  | Taskforce | Taskforce     |

Source: Institute for Government analysis of Cabinet Office, 'List of Cabinet Committees', June 2015 to November 2017.

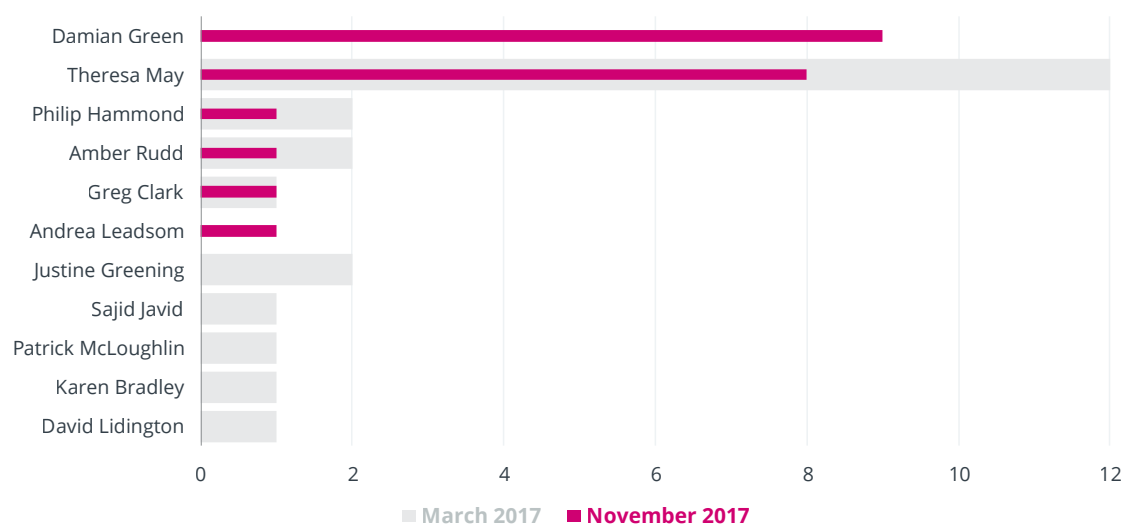
Cabinet committees – 'groups of ministers that can take collective decisions that are binding across government' – are where a lot of government business gets done.<sup>12</sup> Theresa May set out her intention to use these committees for 'policy development', 'reinstat[ing] what might be described as a more traditional way of doing government'.<sup>13</sup> After the election, there were 20 Cabinet committees and implementation taskforces, down from 23 in March 2017 (already fewer than in the Cameron era, with implementation taskforces – introduced under Cameron – particularly pared back). A further European Union Exit and Trade sub-committee – on domestic preparedness, legislation and devolution – was announced on 31 October, bringing the total number of Cabinet committees to 21.



Following the election there has been a high degree of continuity within the committees, with 18 continuing in some form and only the National Security Council (Cyber) sub-committee abolished. Much like a previous decision to abolish the Health and Social Care taskforce, taken when May became Prime Minister, the rationale for this change is unclear (particularly following the WannaCry ransomware attack on the NHS in May and the cyber-attack on Parliament in June).<sup>14</sup> The Cabinet committee structure reflects the Government's priorities of Brexit, national security and industrial strategy.

### ...as well as changes to May's style of leadership

Figure 1.8 **Number of Cabinet committees chaired by government ministers, 30 March 2017 and 16 November 2017**



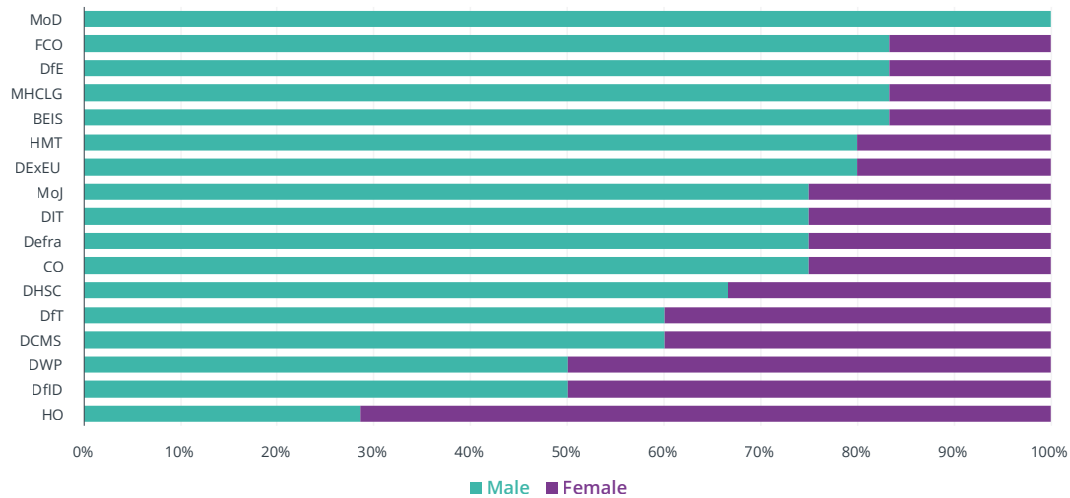
Source: Institute for Government analysis of Cabinet Office, 'List of Cabinet Committees', March 2017 and November 2017.

Before the election, the Prime Minister chaired all 12 of the Cabinet committees she attended, while no other minister was responsible for more than two. But as of November 2017, May attended and chaired only eight committees; the First Secretary of State, Damian Green, chaired more than the Prime Minister (nine, in contrast to March 2017, when neither Green nor his predecessor, Gummer, chaired any). Furthermore, Green attended all but two Cabinet committees (19); before the election, the Secretary of State for Business, Energy and Industrial Strategy, Greg Clark, attended the most committees (17).

May's approach to Cabinet committees was previously regarded as an indication of her leadership style, specifically a desire for control. The change in membership and chairing responsibilities following the election suggested that May was prioritising and delegating more; it also confirmed how important Green was as a deputy to May. Reports suggest that the new Minister for the Cabinet Office, David Lidington, will continue to chair these committees.<sup>15</sup>

## There has been some progress in improving the gender balance of the Government

Figure 1.9 Ministerial gender balance by government department – as of 9 January 2018



Source: Institute for Government ministerial database and GOV.UK.

Part of the Prime Minister’s stated intention behind the January 2018 reshuffle was to make the Government look ‘more like the country it serves’ and to introduce a ‘new generation’ of ministers.<sup>16</sup> With regards to gender balance this appears to have been a moderate success.

Following the January 2018 reshuffle, nearly a third of all ministers are women, only one department (the Ministry of Defence) has no female minister, and in three departments half or more ministers are women (they are in the majority at the Home Office). This is an improvement from the reshuffle after the 2017 election, where only a quarter of ministers were female and five departments had no female ministers. In particular, there has been an increase in female ministers of state – from 15% to 27% – the pool from which the next generation of Cabinet ministers are most likely to come. The percentage of women in the Cabinet also rose, from 28.6% before Damian Green’s departure to 34.5% (although largely because more women are now allowed to attend Cabinet rather than them being full members).

In other areas, progress has been slower and some areas of government still appear to be dominated by men. The percentage of female special advisers declined from 33% to 25% between December 2016 and December 2017, with eight departments having no female spads. Similarly there are five select committees on which fewer than 20% of members are female: Transport, Foreign Affairs, Defence, International Development, and Science and Technology. Nonetheless, eight of 24 Select Committees are chaired by women, and overall, women make up a third of Select Committee members.<sup>17</sup>



## 2 Workforce

After years of reductions, civil service staff numbers are starting to climb, partly because of Brexit and partly due to recruitment at more senior grades that started in 2012. Women are still underrepresented at senior levels, though the diversity record is much worse for ethnic minority and disabled civil servants. Despite the political challenges, morale has held up or even improved in most areas and most departments – except on the issue of pay.

Civil service staff numbers have now risen for five consecutive quarters, up from a post-Second World War low of around 384,000 in June 2016 to just over 392,000 in September 2017. While some of this is in response to Brexit, it is clear that numbers at more senior grades had been rising since before the EU referendum. With staff numbers at the most junior grades continuing to fall, most departments have a greater percentage of their staff in more senior grades compared with 2010. The civil service is also older than it was in 2010, although the percentage aged under 30 is starting to rise – and some departments at the heart of government policymaking, like the Department for Exiting the European Union (DExEU) and the Treasury (HMT), are much younger than others.

The gender balance of the civil service has improved, but women are still underrepresented at the top, including at permanent secretary level. The civil service needs to fulfil the promise of its diversity and inclusion strategy, especially in improving the representation of ethnic minority and disabled staff at senior levels. The Government has pledged to increase representation outside London, where most civil servants are based (including two thirds of all senior civil servants), although DExEU is the only department with all of its civil servants there. Progress has been made in professionalising some cross-departmental skills across government, but we don't know the specialisms of one in 10 civil servants.

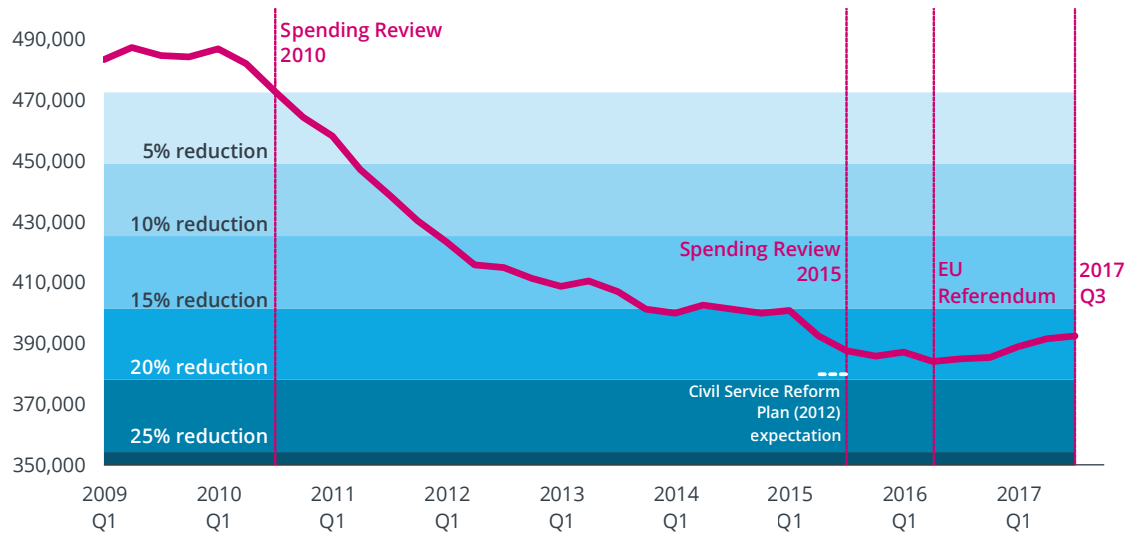
Civil service morale, as measured by the annual People Survey which asks civil servants about their 'attitudes to and experience of working in government departments', is at its highest-ever level, increasing overall and in most departments. The only area where satisfaction has fallen is in terms of pay and benefits.

### Get the latest data

[www.instituteforgovernment.org.uk/workforce](http://www.instituteforgovernment.org.uk/workforce)

## Civil service staff numbers have started to increase, which partly reflects preparations for Brexit...

Figure 2.1 Civil service staff numbers, March 2009 to September 2017 (full-time equivalent)



Source: Institute for Government analysis of ONS, Public Sector Employment (Table 9), Q1 2009 and Q3 2017.

In June 2016, civil service staff numbers were at their lowest since the Second World War, at 384,260.<sup>1</sup> However, numbers have grown in every one of the five quarters since, to 392,310 in September 2017. This still represents a fall of 17% since the Spending Review in 2010, although numbers have never fallen below the 380,000 that *The Civil Service Reform Plan* (2012) had expected by the end of the 2010–15 parliament.<sup>2</sup>

Figure 2.2 **Percentage change in civil service staff numbers (full-time equivalent) by department, September 2010 to September 2017**

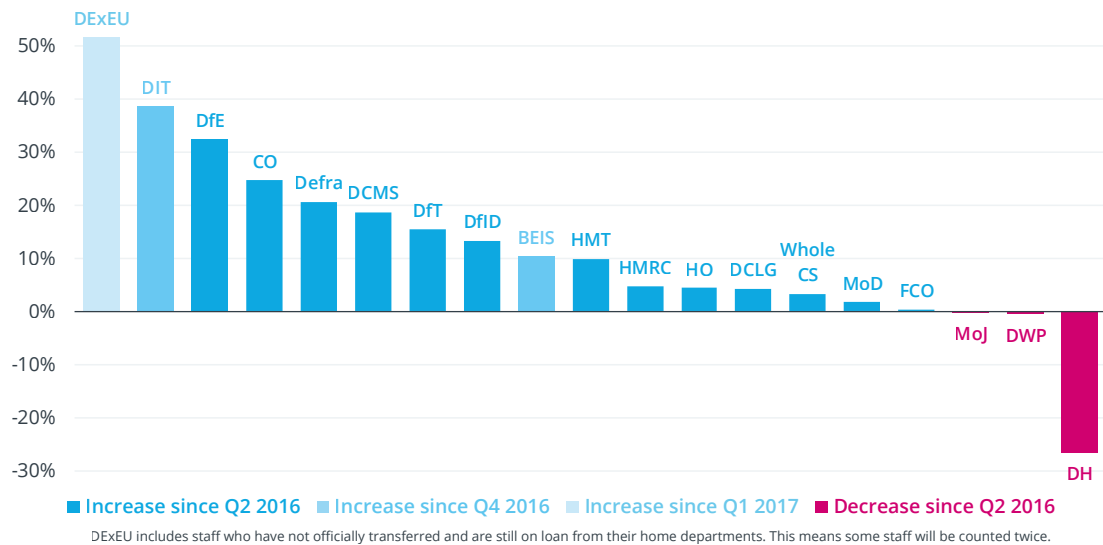


Source: Institute for Government analysis of ONS, Public Sector Employment (Table 9) Q3 2010 to Q3 2017.

The overall reductions and now recovery in staff numbers do not reflect the very different experiences of individual departments. Six – International Development (DfID), the Cabinet Office, Transport (DfT) and Education (DfE), Digital, Culture, Media and Sport (DCMS) and the Treasury (HMT) – have increased staff levels since 2010, while five departments have had reductions of a quarter or more – Justice (MoJ, down 26%), Defence (MoD, down 26%), Work and Pensions (DWP, down 34%), Communities and Local Government (DCLG, down 39%) and Health (DH, down 45%).

Some of the reduction at DH in the first half of 2013 might be due to the creation of NHS England and Public Health England, when civil servants at DH became public servants at the new bodies and were no longer classified as civil servants.<sup>3</sup> This highlights the limitations of the data: civil service staff numbers do not capture everyone employed by departments, such as public servants at other public bodies (see Chapter 4, on managing public spending), or those employed on a contractual basis, some of whom may previously have been performing identical roles as civil servants.

Figure 2.3 **Change in civil service staff numbers since Brexit, by department (full-time equivalent)**

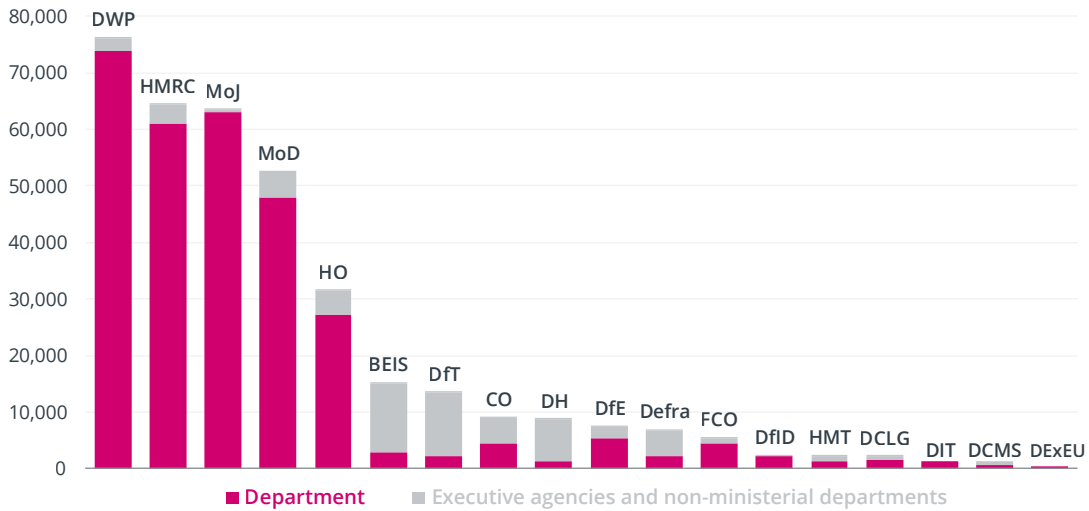


Source: Institute for Government analysis of ONS, Public Sector Employment, Q2 2016 to Q3 2017. DExEU, BEIS and DIT start with earliest available figures.

More recent rises in staff numbers reflect preparations for Brexit. DExEU and the Department for International Trade (DIT), created in the aftermath of the EU referendum, continue to grow, but so too do other departments facing a heavy Brexit workload. Defra – which estimates that 80% of its work is framed by EU legislation – had reduced its staff numbers by 35% between the 2010 Spending Review and the referendum, but has grown by 21% since the vote.<sup>4</sup> The Department for Business, Energy and Industrial Strategy (BEIS), which (according to DExEU, as reported by the National Audit Office) has more Brexit workstreams than any other department, is up 10%.<sup>5</sup> The Home Office (HO), which will be responsible for any new post-Brexit immigration system, has grown, but only by 4.3% so far.

Recent statements from ministers have also suggested that, after six years of overall reductions, we should expect to see staff numbers rise again in preparation for the UK's departure from the EU. The Institute for Government has estimated that HO could need up to 5,000 more staff to handle immigration, and the Home Secretary told Parliament in October 2017 that the department was recruiting 1,200 extra immigration caseworkers.<sup>6</sup> HM Revenue and Customs (HMRC) is expected to need 5,000 new customs hires.<sup>7</sup> BEIS too expects growth.<sup>8</sup> The Brexit secretary, David Davis, has told Parliament that 3,000 Brexit-related roles have already been created across government.<sup>9</sup>

Figure 2.4 Civil service staff numbers by department (including other organisations), September 2017 (full-time equivalent)

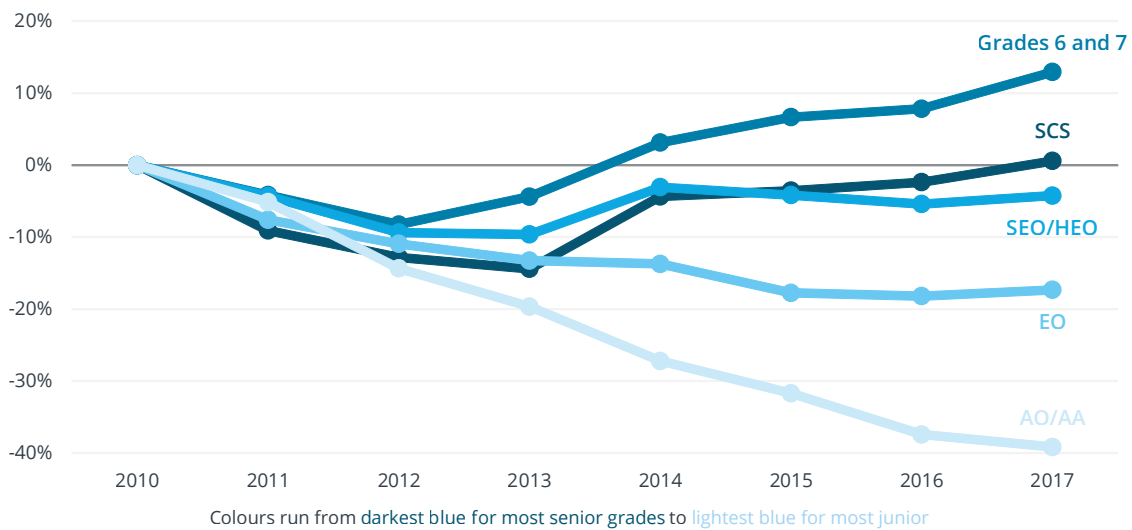


Source: Institute for Government analysis of ONS, Public Sector Employment (Table 9), Q3 2017.

Although it is growing, DExEU remains the smallest Whitehall department – as of September 2017, DExEU had 420 full-time equivalent staff, although this does not include all employees, given difficulties counting those transferred into DExEU from other departments. The Office for National Statistics (ONS) estimates DExEU's total headcount is around 530. Four departmental groups employ more than 50,000 civil servants – DWP, HMRC, MoJ and MoD. Given their size, these departments account for a lot of the staff reductions since 2010. Only three others top 10,000: the Home Office, BEIS and DfT; the latter two largely through big agencies (the Land Registry at BEIS, and the Driver and Vehicle Licensing Agency, and Driver and Vehicle Standards Agency at DfT).

## ...but increases also reflect a rise in staff numbers at more senior grades since 2012

Figure 2.5 Percentage change in civil servants at each grade, 2010–2017 (headcount, where known)



Source: Institute for Government analysis of ONS, Annual Civil Service Employment Survey, 2010–2017. SCS (senior civil service) includes civil servants at equivalent level.

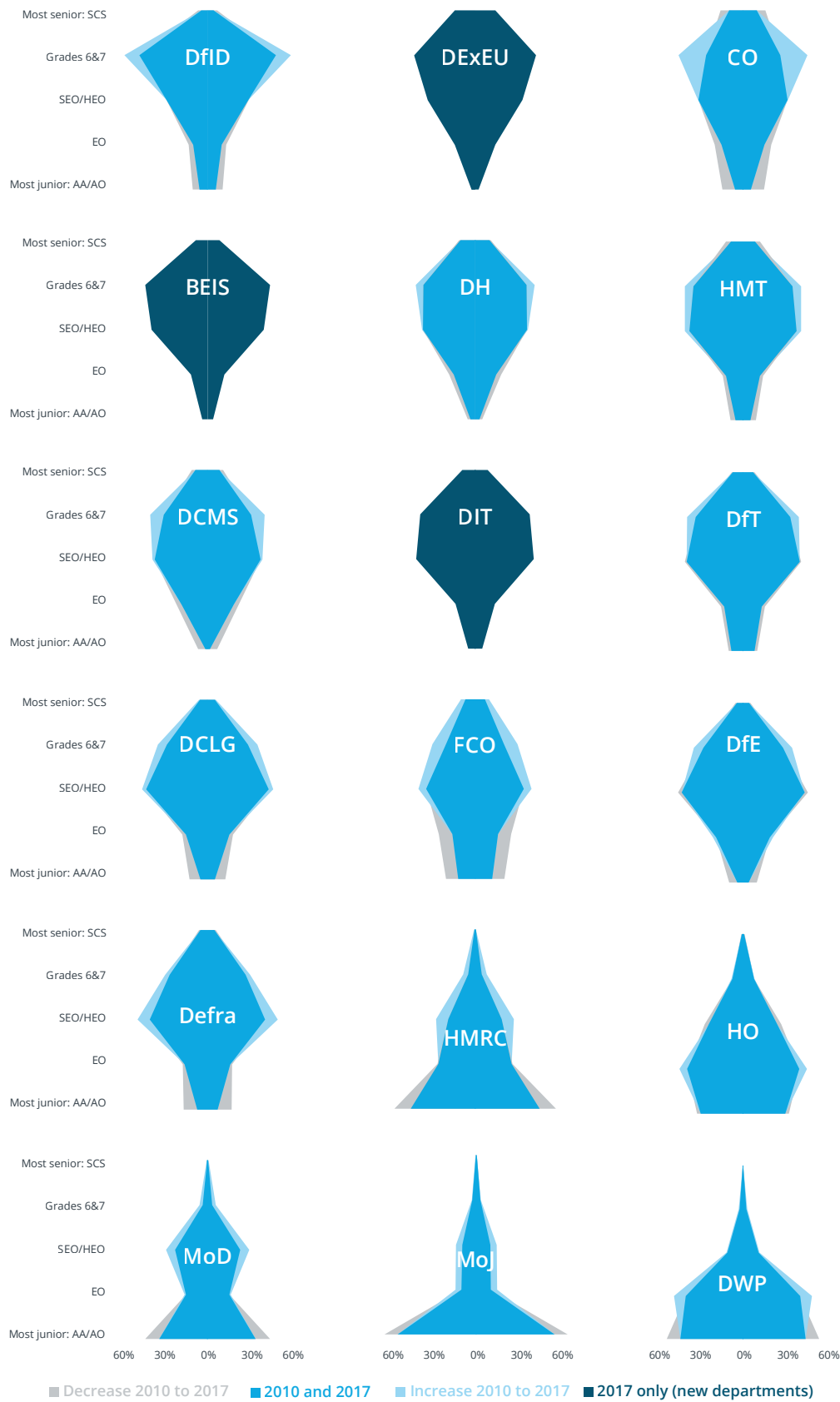
There are now more civil servants employed in the two most senior grades of the civil service than in 2010.<sup>10</sup> At grades 6 and 7, the second-highest level which contains more experienced officials with significant policy responsibilities, 41,370 civil servants are now employed, up from a low of 33,610 in 2012 and up 13% from 36,630 in 2010. The senior civil service, which consists of permanent secretaries and other senior officials down to deputy director level (and here includes others at an equivalent level, such as health professionals, military personnel and senior diplomats), is also up very slightly (5,100, up from 5,070 in 2010 and a low of 4,340 in 2013), but some of this increase is due to the creation of Public Health England, which accounts for much of the rise between 2013 and 2014.

By contrast, the most junior grade – administrative assistants and officers (AA/AO), who tend to provide administrative support and operational delivery, for example benefits and job centre staff, and prison officers – has been cut by 39% and is the only grade where numbers are still falling. This group still dominates pyramid- and dome-shaped delivery departments, like DWP, MoJ and MoD. It remains the largest grade in the civil service, accounting for 37% of all civil servants (down from 47% in 2010). EO (executive officers) account for 27%, SEO/HEO (senior and higher executive officers) for 24%, grades 6 and 7 for 10%, and the senior civil service (SCS) for 1%.<sup>11</sup>

These numbers show that overall reductions have been driven by cutting administrative and delivery staff in departments like DWP, MoD and MoJ, who tend to be based around the country; more senior policy officials, who tend to be in London, are more numerous than in 2010. The cuts at junior levels are reflected in most departments having a greater percentage of staff in senior grades than in 2010.



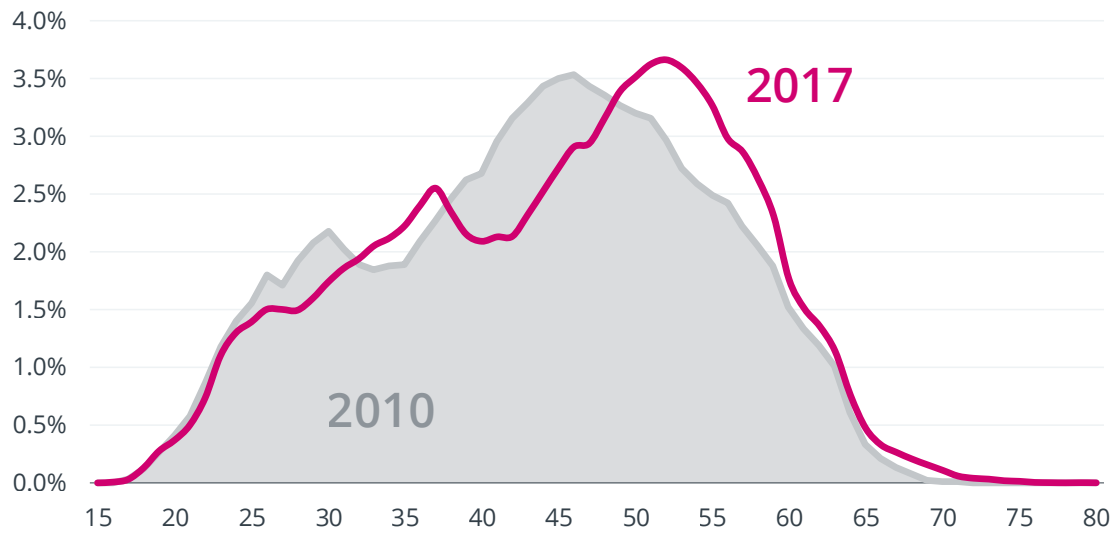
Figure 2.6 **Grade composition and change by department, 2010–2017 (percentage of staff at each grade, headcount where known)**



Source: Institute for Government analysis of ONS, Annual Civil Service Employment Survey, 2010 and 2017. Ordered by percentage of SCS and G6&7 civil servants.

## The average age of civil servants has increased, but DExEU and HMT have a notably young workforce

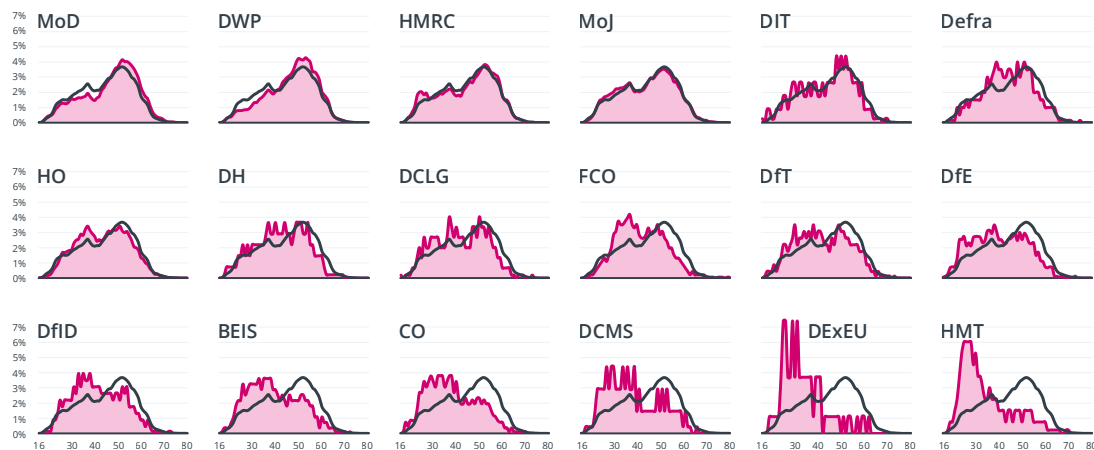
Figure 2.7 Civil service age distribution, 2010 and 2017 (headcount)



Source: Institute for Government analysis of ONS, Annual Civil Service Employment Survey, 2010 and 2017.

The median age of civil servants is now 46, up from 44 in 2010; 40% of all civil servants are over the age of 50, up from 32% in 2010.<sup>12</sup> The percentage under the age of 30 is 12% – down from 14% in 2010, but up from a low of 9% in 2014. This ageing workforce is likely to have been driven by younger civil servants not being recruited to replace the jobs lost as overall staff numbers were cut from 2010.<sup>13</sup>

Figure 2.8 Age profile of civil servants in government departments (approximate) against whole civil service profile, 2017 (headcount)



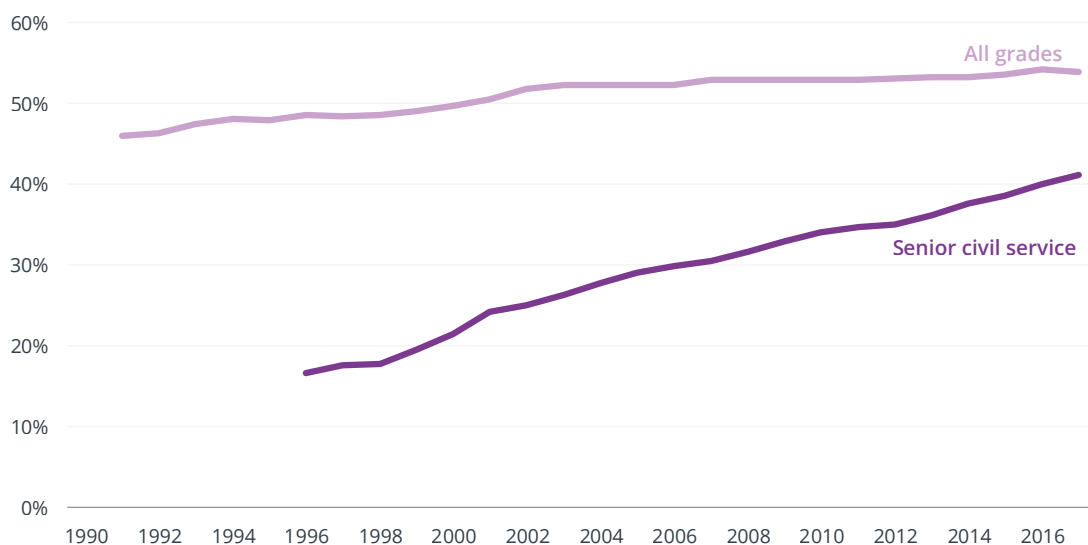
Source: Institute for Government analysis of ONS, Annual Civil Service Employment Survey, 2017. Approximate due to rounding.

Given their size, the larger delivery departments, which have a higher average age – MoD, DWP, HMRC and MoJ – drive the overall civil service age profile. DExEU and the Treasury have a much younger workforce than any other department, with median ages of around 31. Only DCMS (36), the Cabinet Office (37) and BEIS (38) also have median ages under 40. The ‘older’ departments tend to be getting older, and the ‘younger’ ones younger, and the senior civil service within each department tends to reflect its age profile: 62% of senior civil servants at MoD and 61.5% at HMRC are over the age of 50, while 55% of senior civil servants in the Treasury are under 40. DExEU had no permanent senior civil servants above the age of 50 in March 2017 (some on loan from other departments are not included in the figures, and the DExEU permanent secretary since October 2017 is over 50).<sup>14</sup>

The problems of ageing include new skills – such as digital – not being brought into departments, and other skills and knowledge being lost as people retire; the perils of youth include a lack of experience and higher staff turnover (DExEU’s turnover is 9% a quarter, compared to a civil service average of 9% per year).<sup>15</sup> But the consequences of a department’s age profile remain relatively understudied – there are few references to age in the civil service’s diversity and inclusion strategy.<sup>16</sup>

## Gender balance is improving, but women are still underrepresented at more senior levels

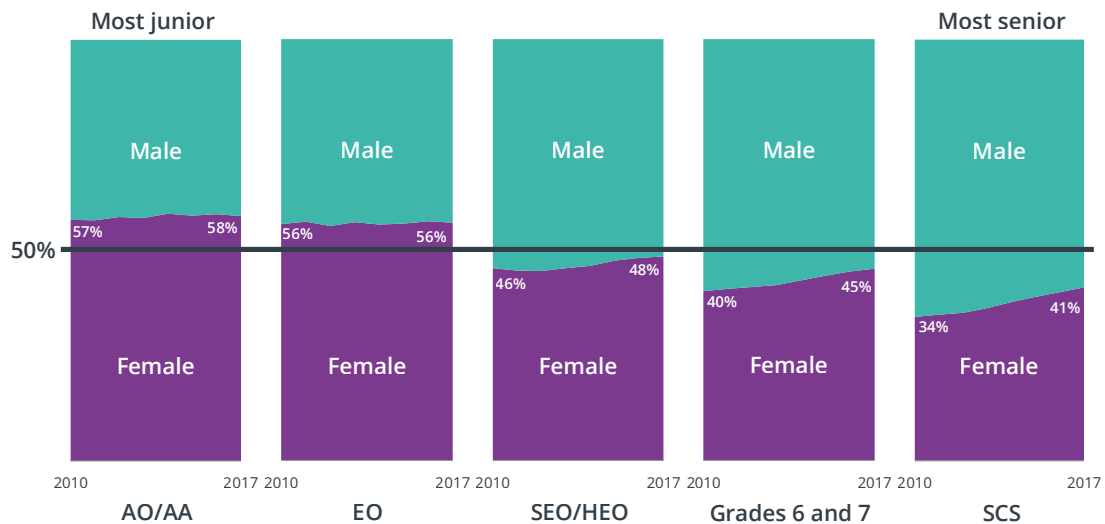
Figure 2.9 **Percentage of women in whole civil service and senior civil service, 1991–2017 (headcount)**



Source: Institute for Government analysis of ONS, Annual Civil Service Employment Survey, 1991–2017; Cabinet Office, SCS database, 1996–2006. SCS includes equivalent grades.

Women have made up more than half of all civil servants since 2001. In 2017, 41% of senior civil servants (and those at equivalent grades) are women, the highest-ever level, up from just 17% in 1996 and 34% in 2010.<sup>17</sup>

Figure 2.10 Gender balance of each civil service grade, 2010–2017 (headcount)

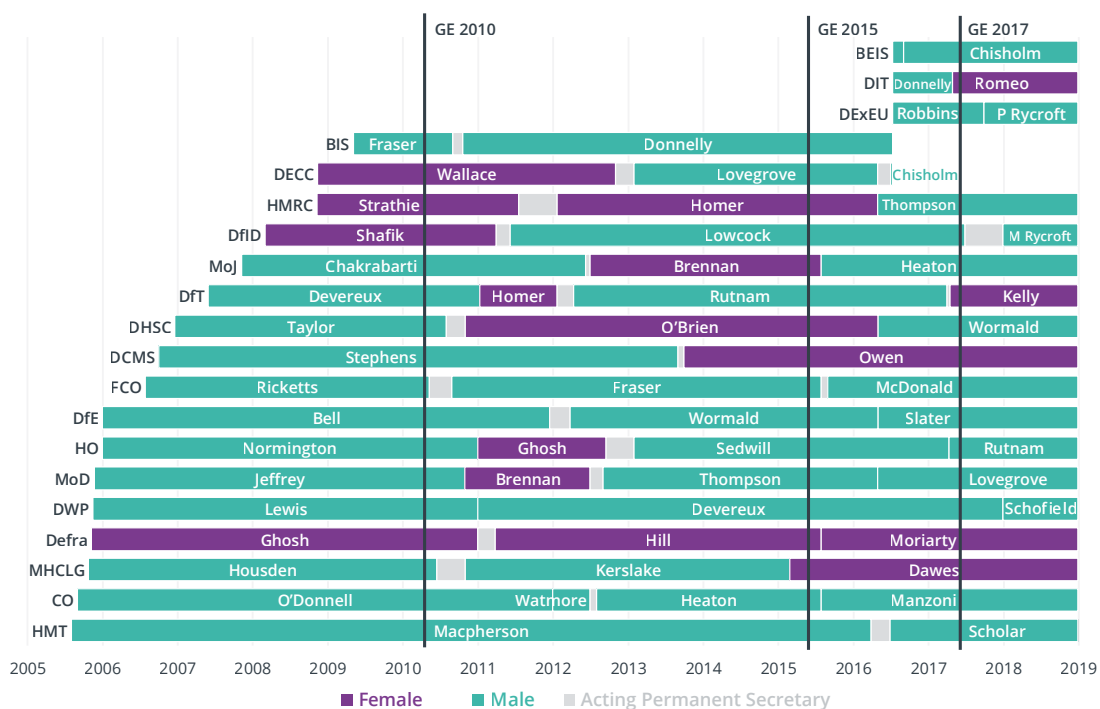


Source: Institute for Government analysis of ONS Annual Civil Service Employment Survey, 2010–2017. SCS figures include civil servants at equivalent SCS level.

The pipeline to the top has improved since 2010, with the percentage of women increasing in the more senior grades (SEO/HEO, grades 6 and 7, and the senior civil service). But women are still underrepresented at the most senior levels. They outnumber men in the most junior grades – AA/AO and EO – but the percentage declines with every step up in grade.

Women make up half or more of the senior civil service in three departments (DCMS, DfE and DCLG). DCMS and DIT have a higher percentage of women in the senior civil service than in the department as a whole. DExEU (33.3%), the Foreign and Commonwealth Office (FCO; 29.3%) and MoD (26.5%) have the lowest percentage of women in the senior civil service. Despite DWP having the highest proportion of female employees overall (67.3%), only 40% of its senior civil servants are women, the largest gap between these two measures.

Figure 2.11 Gender of permanent secretaries, January 2010 to January 2019 (projected), as of 12 January 2018



Source: Institute for Government analysis of permanent secretary appointments, 2010–18.

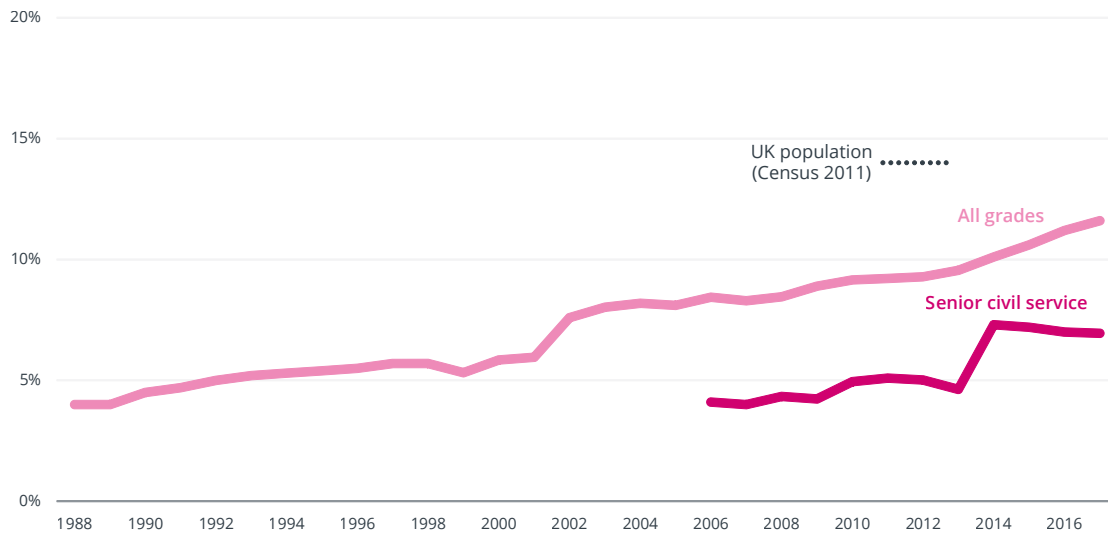
Although the pipeline of female talent progressing to more senior roles has improved, it still doesn't always extend to the very top. Only five departments are currently led by female permanent secretaries (Sue Owen at DCMS, Melanie Dawes at DCLG, Clare Moriarty at Defra, Bernadette Kelly at DfT, Antonia Romeo at DIT), down from a peak of eight for half a week in March 2011. The permanent secretaries of the Scottish and Welsh governments are also women, but the nine permanent secretaries in the Northern Ireland Civil Service are all men,<sup>18</sup> and there has never been a female cabinet secretary for the UK.

The five permanent secretary appointments made 2017 represented an opportunity to improve the balance – but as many of these roles went to men with the surname Rycroft (DfID and DExEU) as they did to women (DfT and DIT).

The retirement from DWP in early 2018 of Sir Robert Devereux provided an opportunity for further rebalancing – although he was replaced by another man, Peter Schofield.<sup>19</sup> Devereux's departure also underlines the relative inexperience of the current civil service leadership – he was one of only three permanent secretaries in the same post at the 2015 general election.

## The civil service needs to make more progress on other measures of diversity

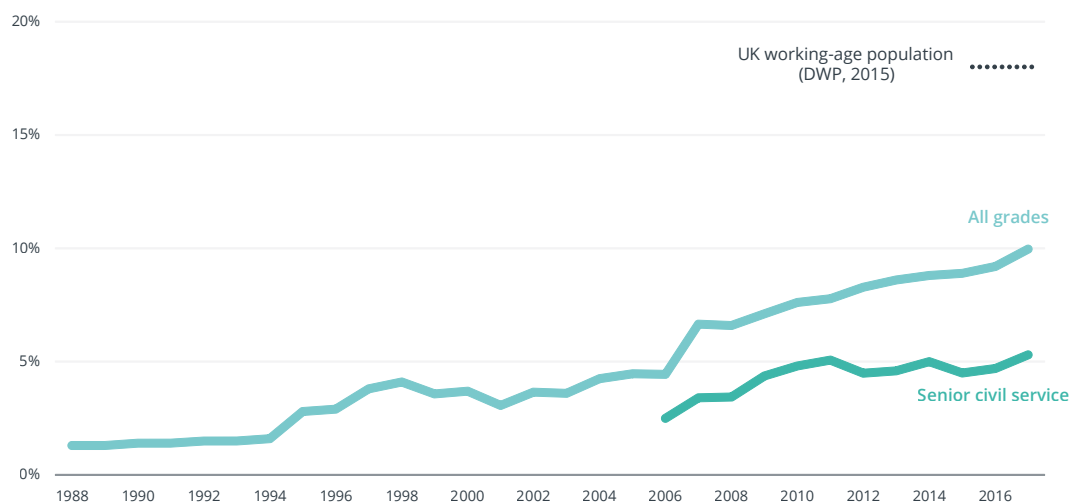
Figure 2.12 **Percentage of ethnic minority staff in whole civil service and senior civil service, 1988–2017 (headcount, where known)**



Source: Institute for Government analysis of ONS, Annual Civil Service Employment Survey, 1988–2017; Cabinet Office, SCS database, 1996–2006. SCS includes equivalent grades.

Although the percentage of civil servants from an ethnic minority continues to increase (to 11.6%), it remains below the UK population as a whole (14% in 2011). Progress has stalled in the senior civil service – 7% at this level and equivalent who have declared their ethnicity are from a minority group.

Figure 2.13 **Percentage of disabled staff in whole civil service and senior civil service, 1988–2017 (headcount, where known)**



Source: Institute for Government analysis of ONS, Annual Civil Service Employment Survey, 1988–2017; Cabinet Office, SCS database, 1996–2006; DWP, Family Resources Survey: financial year 2015/16, March 2017. SCS includes equivalent grades.

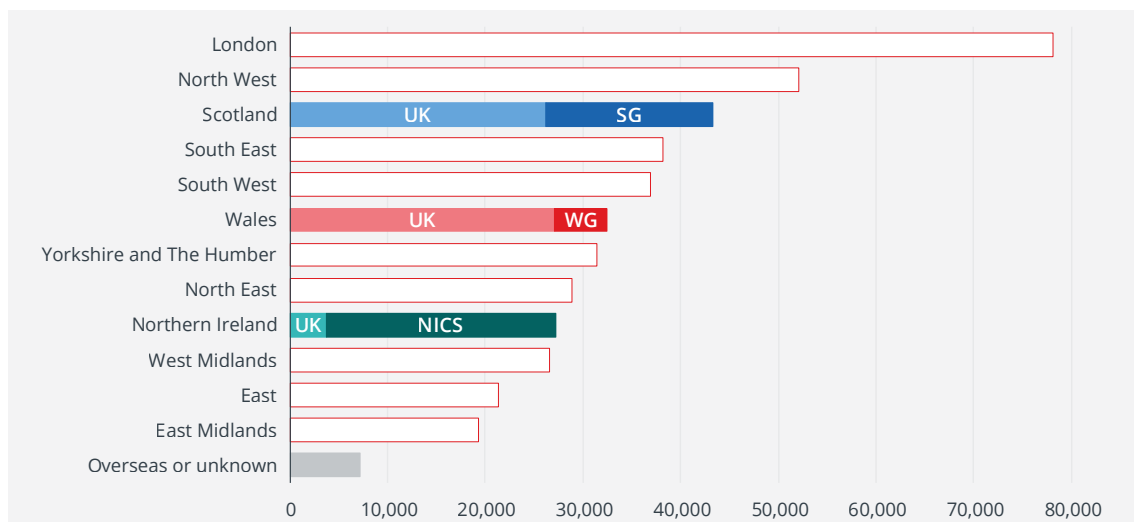
The percentage of disabled civil servants also continues to rise: 10% of all civil servants are disabled, up from 7.6% in 2010 (where disability status is known). The representation of disabled civil servants at senior level has improved slightly: 5.3%, up from 4.7% in 2016. Across the UK population as a whole, 21% of people are estimated to have a disability (18% of the working-age population).<sup>20</sup>

According to the 2017 civil service diversity and inclusion strategy, 'when people from diverse backgrounds are involved in creating the public services we all rely on, we get better services that work for everyone'.<sup>21</sup> The civil service leadership clearly cares about improving the situation; as well as the latest strategy, it has introduced the Talent Action Plan, diversity champions at a senior level and diversity objectives for permanent secretaries.<sup>22</sup> But there has been relatively little progress on improving the ethnic minority and disabled presence at senior levels. The new strategy pledges to build a dedicated ethnic diversity programme and 'ramp up' the existing disability inclusion programme to make the senior civil service more diverse, and to set and monitor civil service-wide targets from April 2018.<sup>23</sup> We look forward to seeing, and monitoring progress against, those targets.

Data on diversity is also more limited than it might be. There may be good reasons why some civil servants do not wish to disclose information, but it can make it difficult for the civil service to measure its progress; in 2017, we do not know the ethnicity of 23.4% of civil servants or the disability status of 32.8%. Even less data is available for sexual orientation and faith, and no data has been published on the socio-economic background of civil servants (apart from the Fast Stream). The Cabinet Office has started to collect data on socio-economic background;<sup>24</sup> we hope this will be published in the near future to highlight any problems that might exist and provide a stimulus for change. As the Prime Minister said when launching her recent race disparity audit, it is important that 'these issues are now out in the open', however uncomfortable for policymakers.<sup>25</sup>

## There are more civil servants in London than in any other region

Figure 2.14 Location of civil servants in the UK, 2017 (headcount)



Source: Institute for Government analysis of ONS, Annual Civil Service Employment Survey, 2017; and Northern Ireland Statistics and Research Agency, Employment in the Northern Ireland Civil Service, April 2017.

Note: SG = Scottish Government; WG = Welsh Government; NICS = Northern Ireland Civil Service

More civil servants (78,070) are based in London than in any other region. The East Midlands (19,260) has the fewest, although Northern Ireland hosts only 3,760 UK civil servants – the other 23,440 are employed by the separate Northern Ireland Civil Service (NICS). In Scotland and Wales, UK government departments continue to employ more civil servants than the devolved governments.

Since 2010, the smallest reductions by region have been in Wales (down 9%), London (down 10%) and Scotland (down 15%); the greatest reductions have been in the East of England (down 30%), South East (down 28%) and East Midlands (down 26%). However, this might obscure some transfers of staff between the civil service and other public bodies (for example, Highways England – mainly based in the West Midlands – changed from executive agency to government company in April 2015).

Figure 2.15 **Location of civil servants by grade, 2017 (percentage of each grade in each region, headcount)**

| Region                   | Whole civil service | AO/AA | EO  | SEO/HEO | Grades 6 & 7 | SCS |
|--------------------------|---------------------|-------|-----|---------|--------------|-----|
| London                   | 19%                 | 9%    | 17% | 24%     | 44%          | 66% |
| Scotland                 | 10%                 | 13%   | 11% | 9%      | 7%           | 6%  |
| South West               | 9%                  | 7%    | 8%  | 13%     | 10%          | 6%  |
| Wales                    | 8%                  | 9%    | 7%  | 7%      | 6%           | 5%  |
| West Midlands            | 6%                  | 7%    | 7%  | 6%      | 4%           | 3%  |
| North West               | 13%                 | 15%   | 14% | 10%     | 7%           | 3%  |
| Yorkshire and The Humber | 8%                  | 8%    | 8%  | 7%      | 6%           | 3%  |
| South East               | 9%                  | 10%   | 10% | 9%      | 7%           | 3%  |
| East                     | 5%                  | 6%    | 6%  | 5%      | 3%           | 2%  |
| North East               | 7%                  | 10%   | 6%  | 5%      | 3%           | 2%  |
| East Midlands            | 5%                  | 5%    | 5%  | 4%      | 3%           | 1%  |
| Northern Ireland         | 1%                  | 1%    | 1%  | 1%      | 0%           | 0%  |

Source: Institute for Government analysis of ONS, Annual Civil Service Employment Survey, 2017. SCS includes equivalent grades.

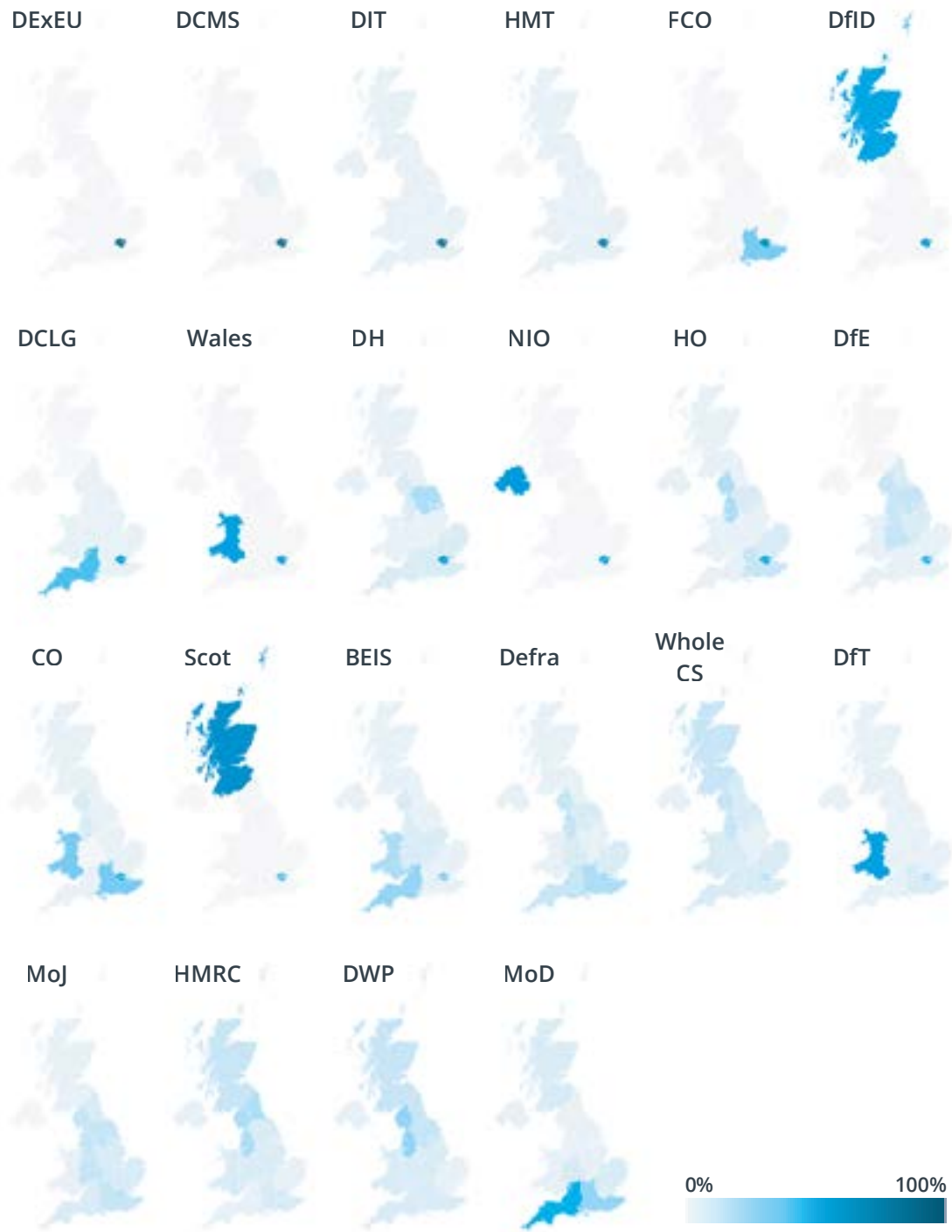
London doesn't only host more UK civil servants than any other region (around one fifth); it hosts two thirds of the senior civil service, and more than two fifths of all grades 6 and 7. The North West hosts 13% of all civil servants, and 15% of all those in the most junior AA/AO grade (more than any other region), but only 7% of grades 6 and 7, and 4% of the senior civil service are based there. The concentration of more senior grades in London underlines the fact that reductions since 2010 have largely affected administrative staff in the English regions.

The Conservative manifesto pledged to move civil servants out of London, including senior posts, 'so that operational headquarters as well as administrative functions are centred not in London but around Britain'.<sup>26</sup> More recently, Chris Skidmore, the Cabinet Office minister responsible for public bodies prior to the January 2018 reshuffle, reiterated the commitment to basing any new organisations created by Brexit outside London.<sup>27</sup>



At present, only one departmental group (the department itself and its executive agencies and non-ministerial departments) is based entirely in London: DExEU. Three others have more than 80% of their civil servants in the capital – DCMS (99.2%), DIT (90.1%) and the Treasury (84.5%) – and a further three have more than half: the Foreign Office (74.6%), DfID (57.6%) and DCLG (50.5%).

Figure 2.16 **Location of civil servants by departmental group, 2017 (percentage of staff in each region, headcount)**



Source: Institute for Government analysis of ONS, Annual Civil Service Employment Survey, 2017. Ordered by highest percentage of staff in London to lowest.

Besides the territorial offices (for Scotland, Wales and Northern Ireland), other departmental groups with large presences outside London include:

- DfID, with 42.4% of its staff in Scotland – the department has a large base in East Kilbride
- DfT, with 45.2% in Wales – the Driver and Vehicle Licensing Agency is based in Swansea
- MoD, with 35.3% in the South West of England
- Cabinet Office, with 27.3% in Wales (largely the ONS in Newport) and 25.6% in the South East of England (the ONS has an office in Titchfield, Hampshire)
- FCO, with 25.4% in the South East.

## Most civil servants work in operational delivery – though we don't know the specialisms of one in 10

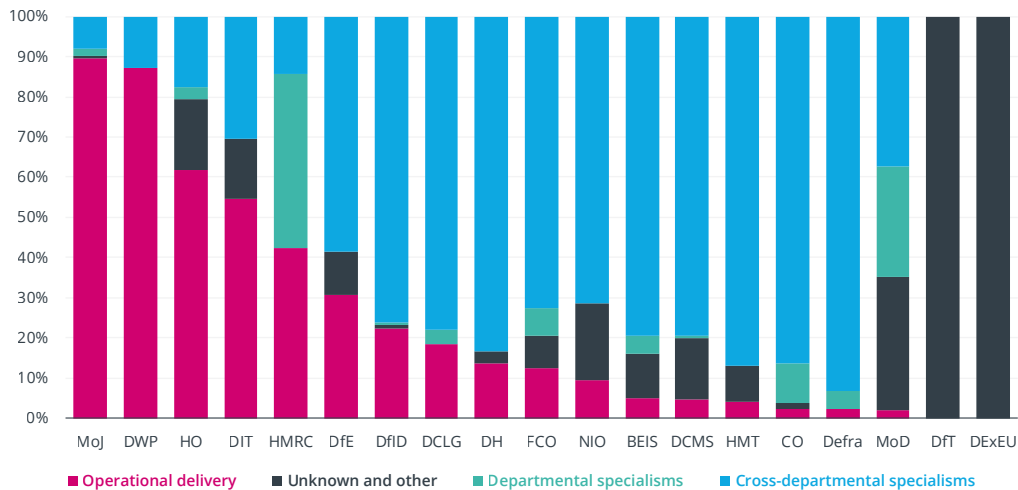
Figure 2.17 **Specialisms of civil servants, March 2017 (full-time equivalent)**



Source: Institute for Government analysis of ONS, Annual Civil Service Employment Survey, 2017.

More than half of all civil servants (around 54%) work in operational delivery.<sup>28</sup> Around a fifth (21%) work in particular specialisms required across all government departments (such as policy, finance and human resources), with around a seventh (14%) working in departmental-specific specialisms, like tax (HMRC) or science and engineering (MoD). However, we don't know what specialist group one in 10 civil servants belong to – unless departments have better information which they're not publishing, this is a real problem for workforce planning.<sup>29</sup>

Figure 2.18 Specialisms of civil servants by department, March 2017 (full-time equivalent)



Source: Institute for Government analysis of ONS, Annual Civil Service Employment Survey, 2017.

Many civil servants in the biggest departments work in operational delivery, for example MoJ (prison officers at HM Prison and Probation Service) and DWP (operational support officers at Jobcentre Plus). Cross-departmental specialisms account for the majority of staff in most departments, emphasising the need for professionalisation of these areas across the civil service. Recent Institute for Government research found that significant progress has been made on this, although leadership turnover, constraints on leadership, insufficient resources and a lack of stable funding have hindered some specialisms.<sup>30</sup> Integrating specialists into departmental decision-making (as part of the leadership team), developing career pathways from all specialisms to senior leadership positions, bringing together the separate reform plans for different specialisms, and introducing stable funding would help ensure future progress.

## Staff morale has increased across most departments and different subjects...

Figure 2.19 Civil Service engagement index – departmental scores, 2016 and 2017

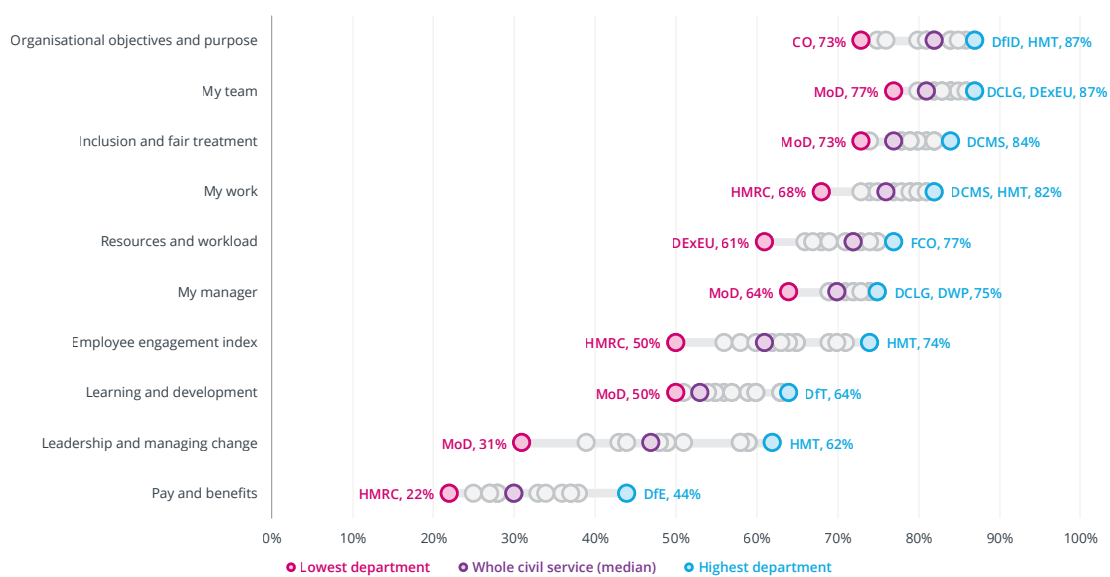


Source: Institute for Government analysis of Cabinet Office, Civil Service People Survey, 2016 and 2017.

Despite the uncertainty and challenges of 2017, morale – as measured by the engagement index, part of the Civil Service People Survey – has actually increased across the civil service as a whole. The 2017 score of 61% is the highest ever, up two points from 2016.

The Treasury has the highest engagement score of the main government departments, followed by DfID, FCO and DCMS. Five departments maintained their scores from 2016, while 10 improved. Four departments improved by five or more points – Defra and DCLG by five, DIT by seven, and DH by 17 (after a disastrous set of results in 2016, following a redundancy round).<sup>31</sup> Where scores have fallen – at FCO, DExEU and DWP – it was by only one point.

Figure 2.20 **Civil Service People Survey 2017 – theme scores (highest and lowest departments, and civil service median highlighted)**



Source: Institute for Government analysis of Cabinet Office, Civil Service People Survey, 2017.

The survey asks civil servants for their opinions across nine other themes, as well as the engagement index. The Treasury – top for overall engagement – also leads the way on organisational objectives and purpose (with DfID), how civil servants feel about their work (with DCMS), and on leadership and managing change. DExEU is, as last year, joint top on how people feel about the team they work with, and bottom in terms of resources and workload (though it has gained four points on last year).

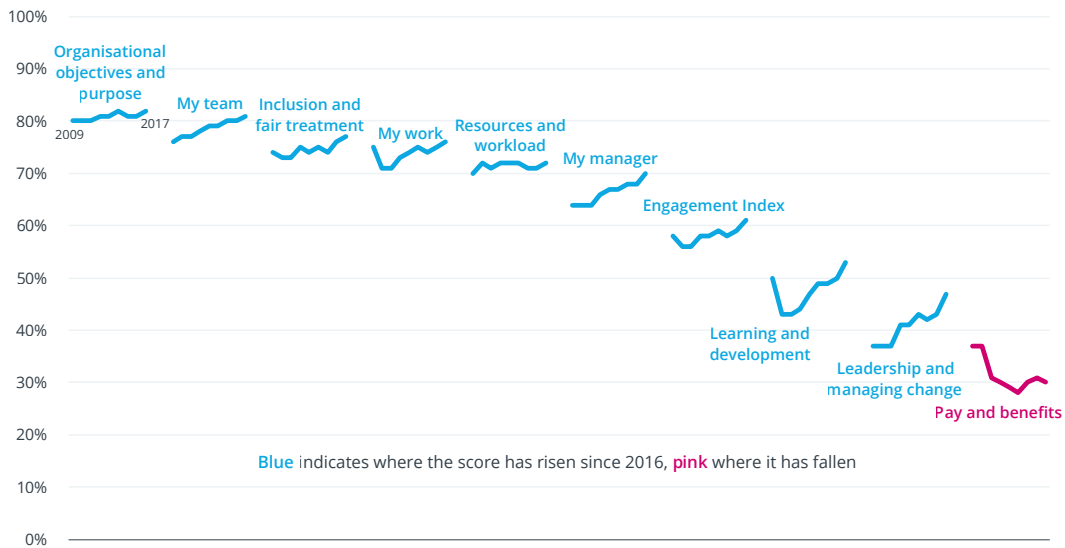
MoD is bottom on five themes, largely due to other departments having greatly improved their scores: it is now five points behind any other department on what civil servants think of their manager, and eight behind on leadership and managing change. On the latter, it is 31 points behind the highest-scoring department (HMT), the biggest range for any of the themes.

Last year, BEIS came bottom on organisational objectives and purpose, a full eight points behind the next department (and 17 behind the one after that). This may partly explain the department's high turnover, which prompted BEIS to put exit interviews out to tender. (The department was at least open enough to acknowledge it didn't have the information it needed.)<sup>32</sup> BEIS has now risen 23 points – leaving the Cabinet Office

as the lowest-scoring department, as it was in 2014 and 2015. DCMS – which this year rebranded to include 'Digital' in its title, as the Department for Digital, Culture, Media and Sport – fell by six points, the largest drop of any department on any theme.

### ...but staff satisfaction with pay and benefits has fallen

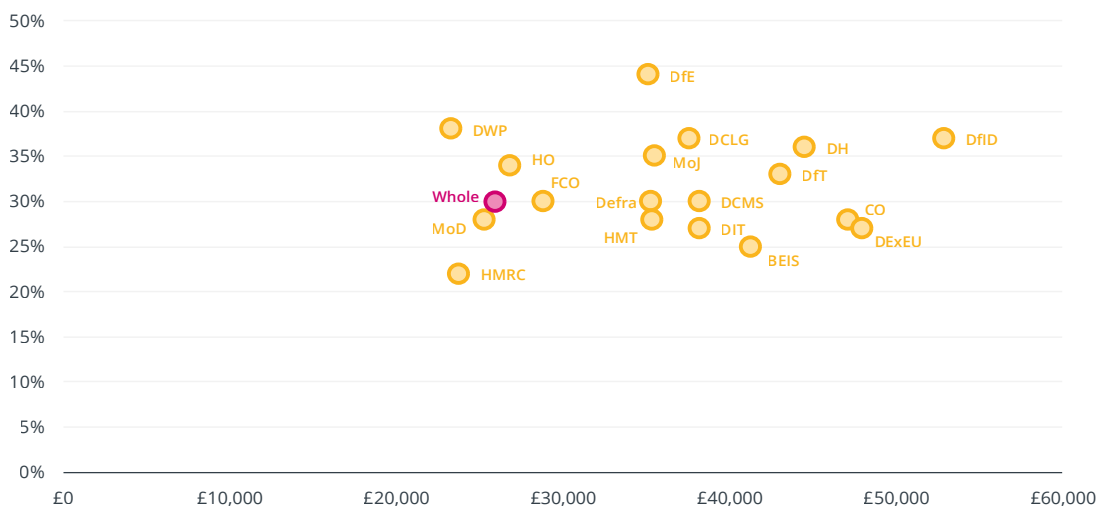
Figure 2.21 Civil Service People Survey – theme scores 2009–2017



Source: Institute for Government analysis of Cabinet Office, Civil Service People Survey, 2009–2017. Adjusted for changes to objectives, resources and leadership themes in 2017.

Scores across the whole civil service increased for all themes between 2016 and 2017, with one exception: pay and benefits. Most theme scores have risen steadily, and others have either risen considerably (leadership and managing change, up 10 points) or recovered after big falls (learning and development, up 10 points from lows in 2010 and 2011) to have higher scores now than in 2009. But the pay and benefits score (30%) is down seven points (although up two from a 2014 low).

Figure 2.22 Departmental pay and benefits satisfaction scores and average pay, 2017



Source: Institute for Government analysis of ONS, Annual Civil Service Employment Survey 2017, and Cabinet Office, Civil Service People Survey, 2017.

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There isn't a particularly strong correlation between the median pay in a department and civil servants' satisfaction with it – DfE has the highest satisfaction score despite not being in the top 10 in terms of median pay. DWP and HMRC have similar median salaries (£23,310 and £23,810 respectively), and are both large, delivery-focused departments. Yet their staff express quite different levels of satisfaction with their pay: 38% at DWP, compared with 22% at HMRC. With discussion on the public sector pay cap continuing, it's worth noting that higher pay and benefits do not necessarily lead to higher satisfaction; departmental leaders will need other ways to motivate their staff.



## 3 Finances

The Government's budget deficit has continued to fall, but it is no longer expecting to achieve a budget surplus before 2022/23, the last year for which a forecast has been published. At every fiscal event since becoming Chancellor, Philip Hammond has needed to give a short-term cash injection to a public service under pressure – first prisons, then social care, and most recently the NHS. A further £3 billion (bn) has been set aside for Brexit contingency planning. Looking ahead, the Chancellor should expect weaker growth in tax revenues, following downgraded productivity forecasts.

Most departments' budgets are set to continue falling up to 2019/20, but political and public service pressures have resulted in the Government deviating from these plans on several occasions already. While forecasts for tax revenues have been downgraded, the Government also forgoes billions of pounds through tax expenditures that are not subject to rigorous value-for-money assessments.

Since 2010, the value of liabilities on the Government's balance sheet has grown more quickly than the value of assets, increasing net liabilities.

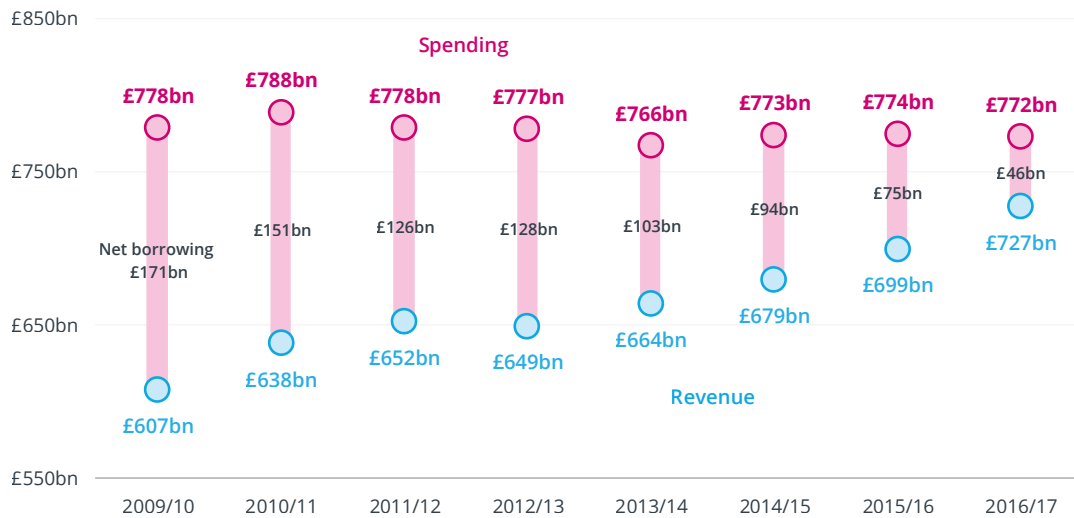
Devolution – specifically, further devolution of tax powers – continues to change the UK's fiscal landscape.

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## The Government's budget deficit has continued to fall...

Figure 3.1 Government revenue and expenditure (real terms, 2016/17 prices), 2009/10 to 2016/17



Source: Institute for Government analysis of Office for Budget Responsibility, Public Finance Databank, November 2017.

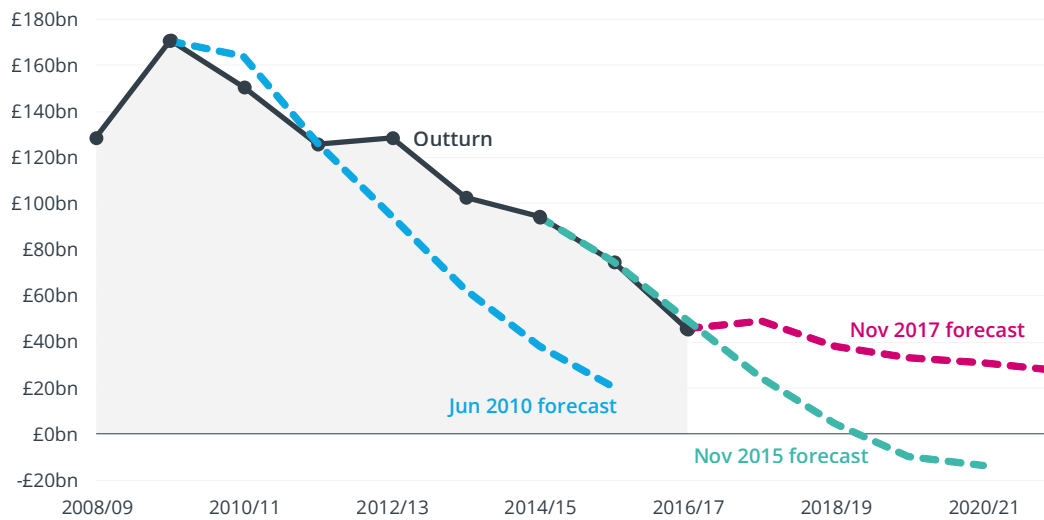
The deficit – the gap between what government spends and what it raises – has fallen significantly in recent years. In 2016/17, government borrowing stood at £46bn, compared with £171bn in 2009/10, meaning that borrowing as a share of total government spending has fallen from 22% at the beginning of the decade to 6% last year. The reduction in the deficit is the result of growth in government revenues of 20% in real terms, combined with controls on spending, which has fallen by 0.7% in real terms in the same period.

The deficit represents the amount of money added to the national debt each year, which – subject to the interest rate – determines the level of interest payments that government needs to make to service its debt. In 2016/17, debt interest payments by central government amounted to £48.4bn, which was 6.3% of the Government's total managed expenditure.<sup>1</sup>



## ...but revenue is not expected to overtake spending in the foreseeable future

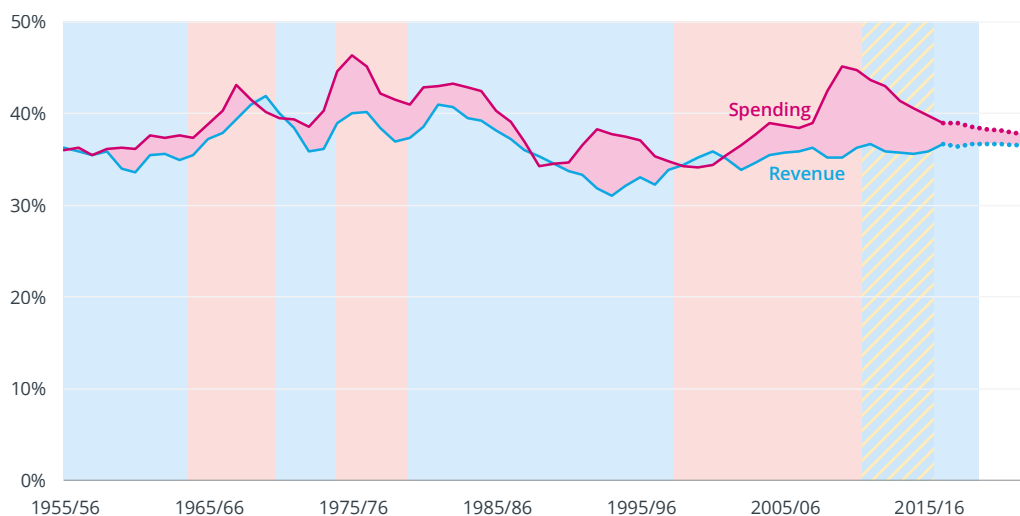
Figure 3.2 Deficit reduction plans after the 2010, 2015, and 2017 general elections (real terms, 2016/17 prices)



Source: Institute for Government analysis of HMT, Budgets (June 2010, November 2017) and Autumn Statements (November 2015); Office for Budget Responsibility (OBR), Public Finance Databank, November 2017.

While the Government has reduced the deficit, it has not done so as quickly as it originally intended. The Coalition Government’s first budget, in June 2010, outlined plans to almost eliminate the deficit by the end of the 2010–15 parliament,<sup>2</sup> but the timeline was pushed back in 2012 because of the state of the economy.<sup>3</sup> The 2015 Spending Review, overseen by George Osborne, then set out plans to achieve a budget surplus by 2019/20. However, Philip Hammond dropped this target in the 2016 Autumn Statement – his first fiscal event as Chancellor – amid weaker economic forecasts after the Brexit vote.<sup>4</sup> The most recent forecasts show the deficit remaining in place until at least 2022/23, with borrowing expected to increase slightly to £49bn next year.

Figure 3.3 Government revenue and expenditure as a percentage of gross domestic product, 1955/56 to 2022/23

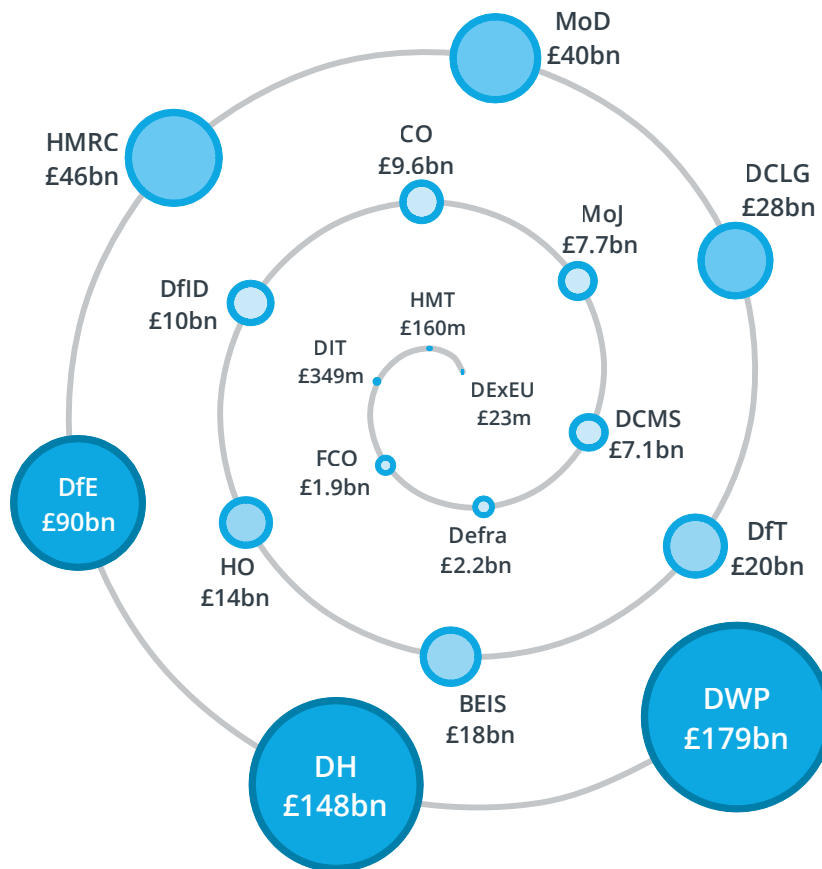


Source: Institute for Government analysis of OBR, Public Finance Databank, November 2017. Background colours indicate changes of government.

It is by no means exceptional for the budget to be in deficit. In fact, a surplus has been achieved in only seven financial years since 1955/56 (1969/70, 1970/71, 1988/89, 1989/90, 1998/99, 1999/2000 and 2000/01). Nonetheless, the gap that opened between spending and revenue in the aftermath of the 2007 financial crisis was larger than at any point in the past 60 years. In 2009/10, net borrowing peaked at 9.9% of GDP, compared with 6.3% at the time of the International Monetary Fund (IMF) bailout in 1976, and 6.6% during the recession of the early 1990s. Borrowing currently stands at 2.3% of gross domestic product (GDP), and is expected to fall to 1.1% by 2022/23.

### The largest departmental budgets are for Work and Pensions, Health, and Education

Figure 3.4 Total managed expenditure by department, 2016/17

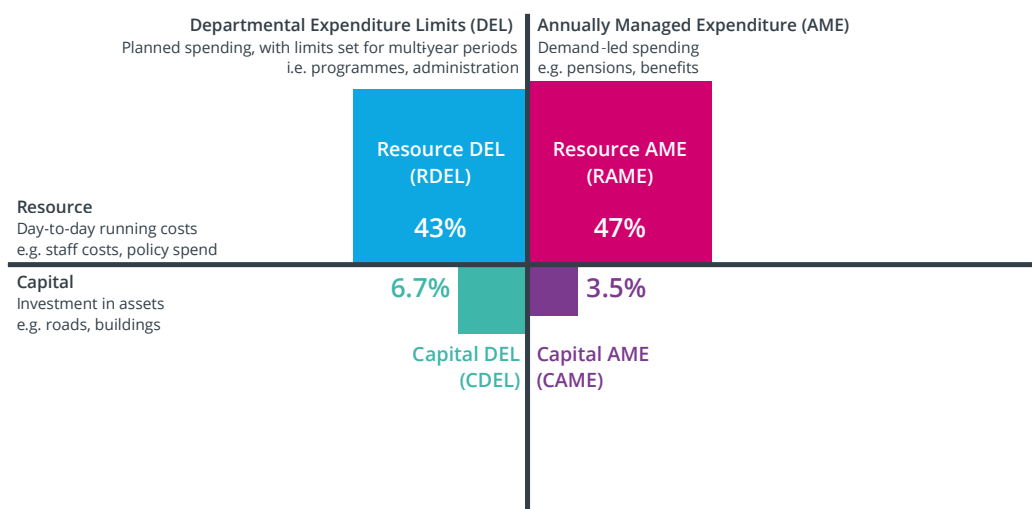


Source: Institute for Government analysis of HM Treasury, Public Expenditure Statistical Analysis (PESA), 2017. HMT spending includes administration only, due to its total managed expenditure (TME) being negative.

Work and Pensions (DWP, £179bn), Health (DH, £148bn) and Education (DfE, £90bn) have the largest budgets of all government departments, and together they account for two thirds of all departmental spending. DfE's spending has increased from £70bn in 2015/16, after it took on responsibility for further and higher education policy from the now-defunct Department for Business, Innovation and Skills. At the other end of the scale, with budgets of less than £500m, are the Department for Exiting the European Union (DExEU), the Treasury (HMT) and the Department for International Trade (DIT) – thus, two of the departments with the smallest budgets are among the most powerful and politically important.

## Budgets are split into different elements, with most spending going on day-to-day business

Figure 3.5 **Composition of total managed expenditure (TME) across the whole of government, 2016/17**



Source: Institute for Government analysis of HM Treasury, PESA 2017, Table 1.1.

Total managed expenditure (TME) across Whitehall – the overall amount of spending allocated to departments each year – is split into different types. As part of the strict processes and controls applied to how and where departments spend their money, allocations to one category of spending cannot be used for other types of spending.

Spending can be defined by how the limits are set:

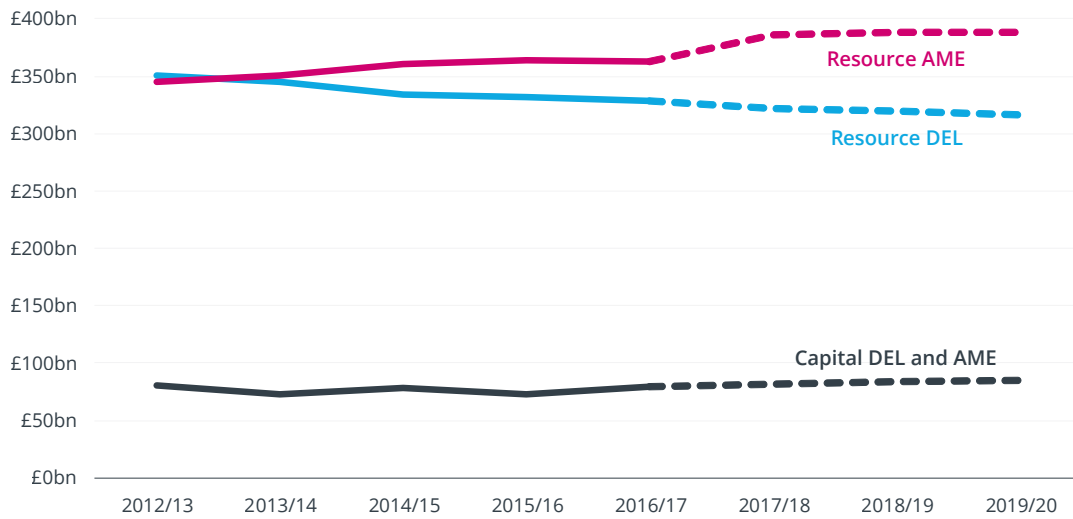
- **Departmental Expenditure Limits (DEL)** cover plans that departments are committed to, announced at Spending Reviews. They are often set for a multi-year period, and spending is limited, meaning departmental leaders cannot overshoot their allocated DEL budget.
- **Annually Managed Expenditure (AME)** covers spending that 'cannot reasonably be subject to firm multi-year limits'.<sup>5</sup> AME is harder to predict and often relates to functions that are demand-driven, such as pensions or welfare payments.

Or, spending can be defined by what it is invested in:

- **Resource spending** relates to departments' day-to-day operations, including administration spending to cover running costs such as salaries, and programme spending, which pays for policies and programmes.
- **Capital spending** adds to the public sector's fixed assets, such as transport infrastructure (e.g. roads and rail) and public buildings.

These two different divisions give four quadrants of spending – Resource DEL (RDEL), Resource AME (RAME), Capital DEL (CDEL) and Capital AME (CAME). Resource AME accounts for nearly half (47%) of total government expenditure, closely followed by Resource DEL, often referred to as planned day-to-day spending (43%).

**Figure 3.6 Breakdown of total managed expenditure by Resource DEL, Resource AME and Capital DEL and AME (real terms), 2012/13 to 2019/20**

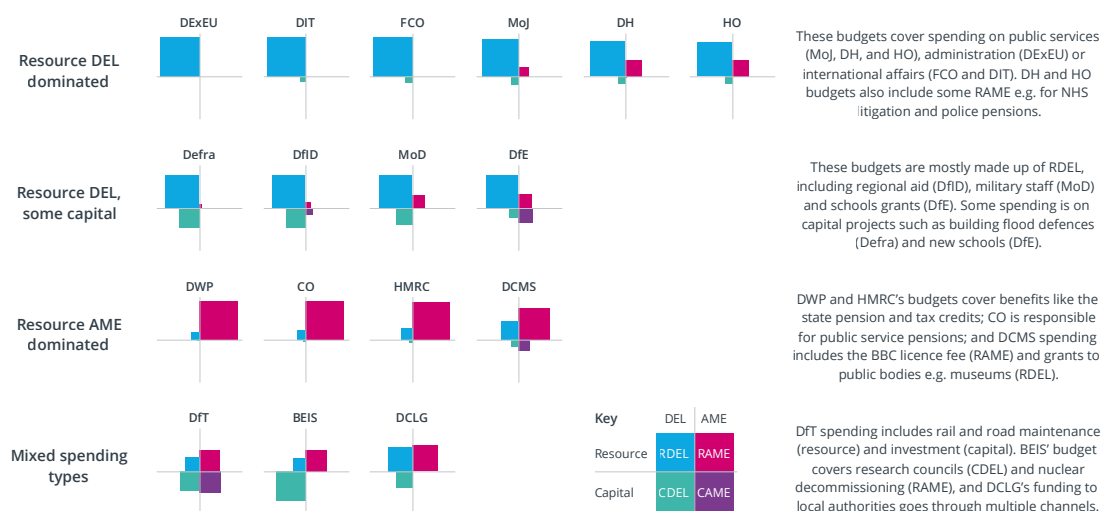


Source: Institute for Government analysis of HM Treasury, Public Expenditure Statistical Analyses (Table 1.2), 2017.

Since 2012/13, the amount government spends as Resource AME has risen from £345bn (44% of total managed expenditure) to £363bn in 2016/17 (47%). This includes spending on social security benefits (£189bn in 2016/17) and tax credits (£27bn). Given that much of this spending is demand-driven – based on the number of people that qualify to receive certain benefits – it can be difficult to control spending levels. Resource DEL has fallen as a share of total spending (from 45% to 43%), while the share dedicated to capital spending has remained at 10%.

### ...but the composition of budgets varies by department

**Figure 3.7 Composition of total managed expenditure by department, 2016/17**



Source: Institute for Government analysis of HMT, PESA 2017, tables 1.3 and 1.8. HMT excluded due to its total managed expenditure being negative.

Most departments' budgets are dominated by a single type of spending.<sup>6</sup>

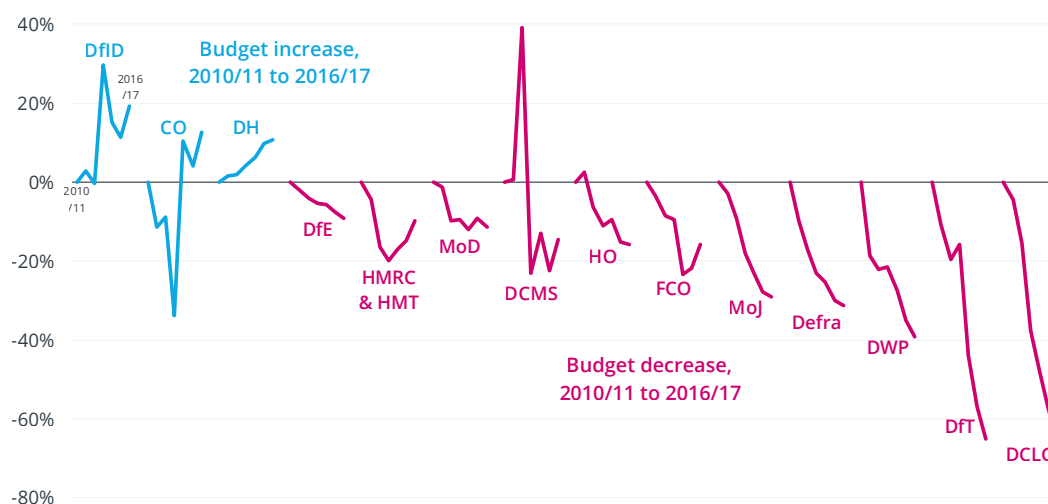
Resource DEL makes up more than half of the budget in 10 departments. Because a single capped budget is used to fund multiple functions or responsibilities, pressure in

one area can end up affecting other parts of the budget. For example, when political pressure resulted in the school funding formula being made more generous in September 2017, resources were 'recycled' from other parts of the DfE budget.<sup>7</sup> With the approval of the Treasury, departments can also divert some of their Capital DEL budgets to alleviate short-term Resource DEL spending pressures.

Four departments – Department for Work and Pensions (DWP), HM Revenue and Customs (HMRC), the Cabinet Office (CO), and the Department for Digital, Culture, Media and Sport (DCMS) – have budgets that are mostly comprised of Resource AME. Most of this spending is determined by the level of demand, which can be difficult to predict, as in the case of benefits that are closely linked to the economic cycle, such as jobseeker's allowance.

## Most departments have seen their planned day-to-day budgets fall, with reductions of 65% at DfT and DCLG

Figure 3.8 Percentage change in planned 'day-to-day' spending (RDEL, real terms), 2010/11 to 2016/17



Source: Institute for Government analysis of HMT, PESA, 2015–2017; and CO, Annual Report and Accounts, 2011–2017. Figures exclude depreciation, and have been adjusted for previous years to account for machinery of government changes and reclassifications.

Resource DEL, or planned day-to-day spending, is set on a multi-year basis at the Spending Review, and is the financial envelope within which Whitehall departments plan and operate.

Since 2010/11, Resource DEL budgets have risen in only three departments – International Development (DfID, up 19%), CO (up 13%) and DH (up 11%). Two of these have parts of their budgets ring-fenced, with the NHS budget protected in real terms, and the Government committed to spend 0.7% of GDP on international aid.

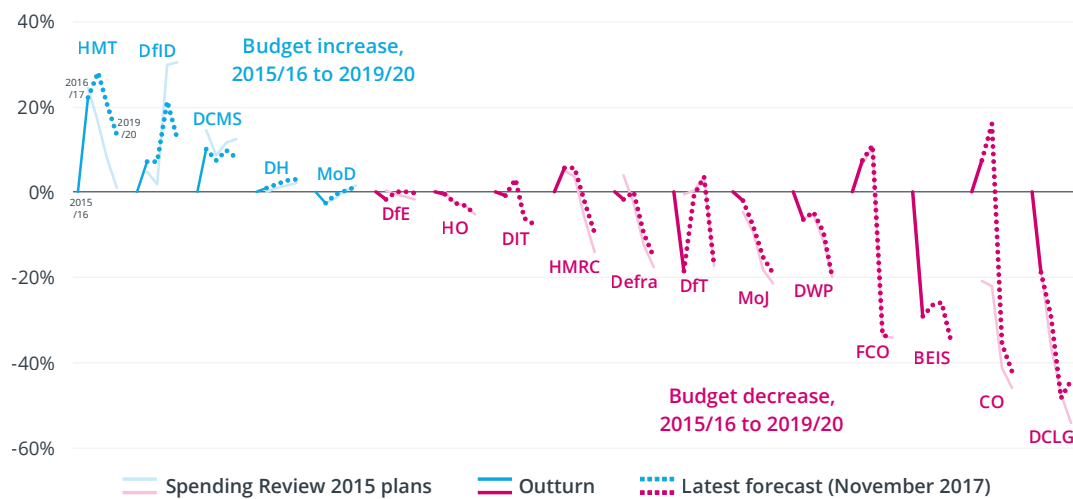
All other departments have seen their planned day-to-day spending budgets cut in real terms. At DfE, the Ministry of Defence (MoD), DCMS, the Home Office (HO) and Foreign Office (FCO), cuts have been relatively modest, at less than 20%. The Ministry of Justice (MoJ), the Department for Environment, Food and Rural Affairs (Defra) and DWP have faced cuts of up to 40%. However, the most severe have been at Transport (DfT) and Communities and Local Government (DCLG), whose Resource DEL budgets have been cut by 65%.

Because each department has a different spending profile, the overall impact of Resource DEL reductions will vary. The impact will be greater in departments like MoJ and Defra, where the total budget is made up primarily of Resource DEL. However, the three departments that have faced the deepest Resource DEL cuts – DWP, DfT and DCLG – spend less than half of their budgets in this way.

In some departments, such as DH, DfE and MoJ, spending levels have changed in a relatively consistent way since 2010/11. In contrast, DCMS's spending increased sharply before the 2012 London Olympics, before falling in subsequent years, and spending fluctuations at CO are driven in part by it bearing the cost of holding general elections.

## Several departments are deviating from the plans outlined in the Spending Review

Figure 3.9 Percentage change in planned 'day-to-day' spending (RDEL, real terms), 2015/16 to 2019/20



Source: Institute for Government analysis of HMT, Public Expenditure Statistical Analyses, 2016–17; Autumn Budget 2017. Figures exclude depreciation. Spending Review figures are adjusted to account for machinery of government changes and reclassifications. Latest forecast figures are combined from PESA 2017 and Autumn Budget 2017.

The 2015 Spending Review doubled down on the cuts to Resource DEL budgets that had occurred up to that point. Many departments that have already absorbed significant cuts, including DCLG and MoJ, will have further reductions in their budgets by 2019/20. In contrast, two of the three departments where spending has increased since 2010/11 – DH and DfID – are among the five that will see budgets grow between 2015/16 and 2019/20, alongside HMT, DCMS and MoD

For the departments facing a second round of cuts, finding further ways to reduce their spending without damaging frontline services is likely to prove more challenging, as many of the short-term 'belt-tightening' options, such as wage freezes and staff cuts, have been exhausted. Even departments receiving modest spending increases, such as DH, are vulnerable to changes in demand for public services, or to inflation.

Pressures in public services have resulted in several deviations from the plans outlined in the 2015 Spending Review, with an additional £500m of spending for prisons (MoJ) announced at the 2016 Autumn Statement, an additional £2bn for social care (DCLG) at

the 2017 Spring Budget, and an additional £2.8bn for the NHS (DH) at the 2017 Autumn Budget. Altogether, the Institute for Government's *Performance Tracker* estimates the Government will spend around £10bn in this way over the five years from 2015/16.<sup>8</sup>

Furthermore, at the 2017 Autumn Budget, the Chancellor committed £3bn (to be spent over the course of 2018/19 and 2019/20) for Brexit contingency planning. While this money has not yet been allocated to departments, it is likely to have an impact on future spending at some of the departments most affected by Brexit, like HMRC, Defra and HO.<sup>9</sup>

## Tax revenue has risen since 2010/11...

Figure 3.10 Sources of government revenue (real terms, 2016/17 prices), 2010/11 to 2015/16



Source: Institute for Government analysis of HM Treasury, Whole of Government Accounts (WGA), 2010/11 to 2015/16.

The main source of government revenue is taxation, which accounts for 85% of all government receipts. The government also receives revenue from things like the sale of goods and services, fees and charges, and rental income.<sup>10</sup>

Government revenue relies on three taxes in particular – income tax, National Insurance and VAT. Together, these raised £395bn in 2015/16, which was 72% of all taxes raised by central government. The next largest taxes – corporation tax, fuel duty and excise duties – raised a further £101bn, with other central taxes contributing £50bn, and local property taxes (council tax and business rates) £58bn.

In real terms, revenues from taxes have grown 7% since 2010/11. This is largely the result of:

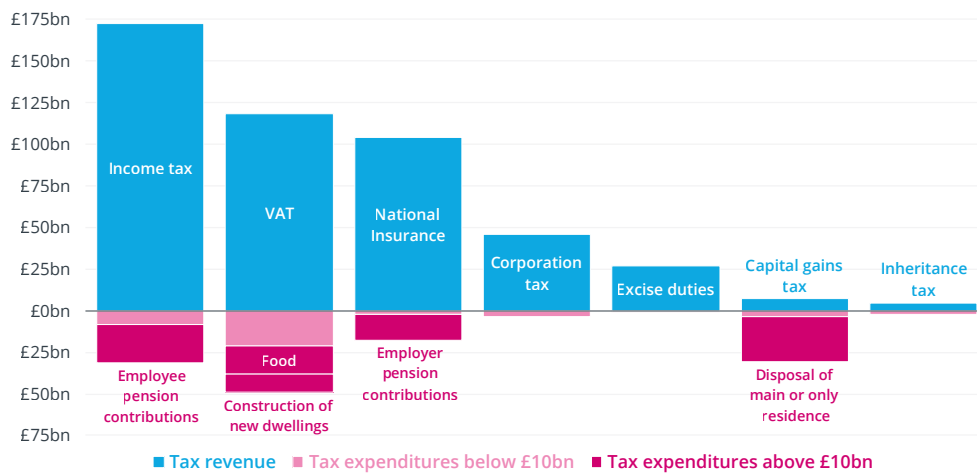
- VAT receipts increasing by 22% (partly due to the standard VAT rate increasing from 17.5% to 20% in 2011)
- National Insurance contributions increasing by 11%
- revenue from other taxes increasing by 39%. This includes taxes that are highly sensitive to economic cycles, such as stamp duty and capital gains tax, where revenues have recovered from a low (post-financial crash) base in 2010/11.

In contrast, revenue from the sale of goods and services has fallen 34% since 2010/11, contributing £36bn in 2015/16. Most of this (£22.8bn) was raised by local government (e.g. social care, leisure provision and fare income for Transport for London), with the remainder coming from public corporations (e.g. the BBC) or central government (e.g. the NHS). Revenues from other sources – which include fees and charges, and the Government’s rental income – have grown by 25%.

For the 2017 Autumn Budget, the Office for Budget Responsibility (OBR) downgraded its forecasts for productivity growth. This, in turn, has resulted in the outlook for Government revenue being revised downwards. Forecast receipts in 2021/22 have fallen 3.2%, from £869.5bn at the Spring Budget 2017 to £841.6bn at the 2017 Autumn Budget.

### ...but tax expenditures cost £135bn per year

Figure 3.11 Revenue collected and estimated tax expenditures for selected taxes, 2015/16 (2016/17 prices)



Source: Institute for Government analysis of HMRC, Estimated Costs of Tax Reliefs, Dec 2016; HMT, WGA, 2015/16; and HMT, Inheritance Tax Statistics, July 2017.

Tax expenditures are tax discounts or exemptions that further the policy aims of government. They cover anything from income tax relief for charitable giving (Gift Aid) to VAT discounts for children’s clothing.<sup>11</sup>

There are five tax expenditures that cost more than £10bn in forgone revenue (the money government could have expected to raise if the exemptions were not in place) per year, including:

- exemptions concerning capital gains tax that arises from the sale of a person’s main or only property (£27.3bn)
- income tax exemptions for payments into registered pensions schemes (£23.4bn)
- VAT discounts on food (£17.2bn)
- employer National Insurance exemptions for payments into registered pensions schemes (£15.2bn)
- VAT discounts on the construction of new dwellings, including refunds for DIY builders (£11bn).



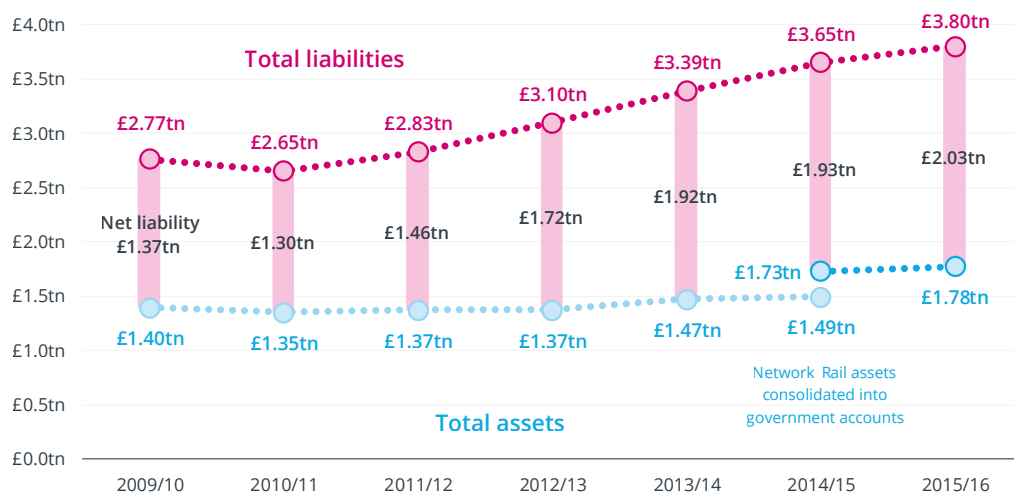
The total sum of all forgone revenue from tax expenditures across income tax, National Insurance contributions, VAT, corporation tax, excise duties, capital gains tax and inheritance tax was £135bn in 2015/16. This is equal to a quarter of the total central government tax revenue in that year, and is larger than the total budgets of all but two departments (DWP and DH). For capital gains tax, the cost of tax expenditures was more than four times the amount of revenue collected.

In the 2017 Autumn Budget, the Chancellor announced new stamp duty reliefs for first time buyers purchasing properties worth under £500,000. Due to the policy being specifically targeted at first time buyers, this policy resembles a tax expenditure, and in 2018/19 (its first full year) is expected to cost £560m.<sup>12</sup>

Despite their considerable impact on the overall state of national finances, the National Audit Office has reported that the Treasury does not monitor tax expenditures and assess the value for money they offer with the same rigour as it does general expenditure. The Institute for Government, along with the Chartered Institute of Taxation and the Institute for Fiscal Studies, has called for the tax reliefs that most closely resemble spending measures to be treated as spending for accountability and scrutiny purposes.<sup>13</sup>

### Net government liabilities are now over £2 trillion

Figure 3.12 **Government assets and liabilities (real terms, 2016/17 prices), 2009/10 to 2015/16**



Source: Institute for Government analysis of HM Treasury, WGA, 2010/11 to 2015/16.

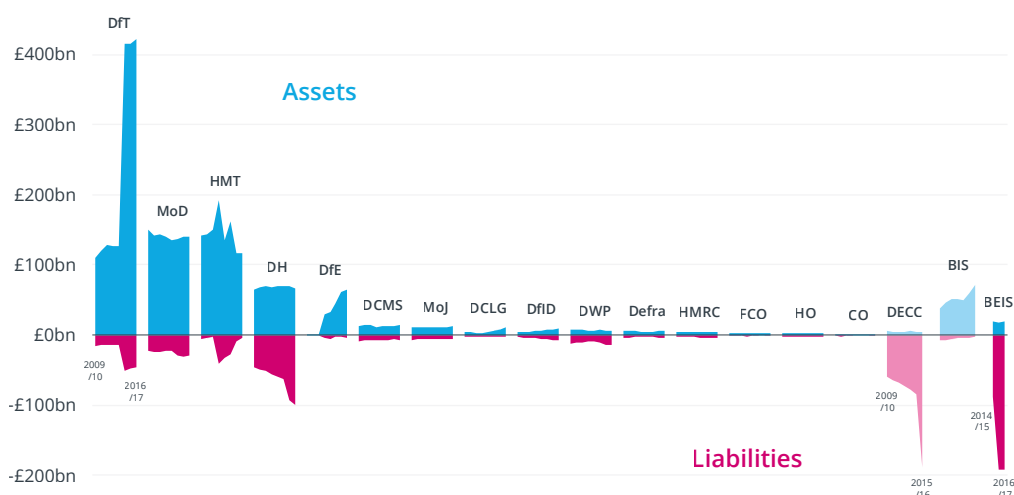
While the deficit has fallen in recent years, the Government’s net liability – the gap between its total assets (e.g. buildings, infrastructure, deposits, equity investments) and liabilities (e.g. government borrowing, public sector workers’ pensions) – has grown. In 2015/16, the net liability was over £2 trillion (tn), based on 2016/17 prices.

The value of the Government’s asset portfolio has grown from £1.4tn in 2009/10 to £1.78tn in 2015/16. This includes infrastructure assets worth £584bn, and land and buildings worth £414bn. Meanwhile, the Government’s total liabilities now stand at £3.8tn, up from £2.77tn in 2009/10, which includes £1.45tn of pension liabilities for public services and £1.29tn of government borrowing.<sup>14</sup>

The Government’s net liability has implications for future generations of taxpayers, who will bear the costs of meeting these obligations, but the long-term nature of such obligations can make discussions around the government balance sheet seem more remote than the immediate choices about how much departments should spend each year. Nonetheless, policy choices have important implications for the Government’s liabilities – for example, the decisions taken by the Coalition Government to increase the state pension age, and to set a triple lock that guarantees annual increases of at least 2.5% in the state pension, are likely to have contrasting effects on the size of the state pension liability. Factors outside the Government’s control, such as the Bank of England’s recent decision to increase interest rates to 0.5%, can also result in changes to certain government liabilities, such as financing and borrowing.

### DfT, MoD and HMT have the most assets, while liabilities are concentrated at BEIS and DH

Figure 3.13 Departmental assets and liabilities (real terms, 2016/17 prices), 2009/10 to 2016/17



Source: Institute for Government analysis of departmental Annual Reports and Accounts, 2009/10 to 2016/17.

Departmental assets and liabilities are concentrated in a handful of departments. Three account for 76% of all assets held by departments:

- DfT’s assets are worth £422bn, and include the national rail and strategic road network. In 2014/15, the department’s assets and liabilities increased sharply after the ONS reclassified Network Rail as part of the public sector.
- MoD’s assets are worth £140bn and include military equipment, land and buildings.
- HMT’s assets are worth £117bn and are mostly made up of various types of financial asset, including Royal Bank of Scotland shares and derivative assets.

Other departments with notable asset holdings are DH (£66bn) and DfE (£65bn).

Together, BEIS and DH account for more than half (69%) of the liabilities held by departments:

- BEIS’s liabilities are worth £191bn, most of which is provisioning for nuclear decommissioning that was previously held by the now-defunct Department of Energy and Climate Change (£165bn).

- DH's liabilities are worth £99bn, most of which is provisioning for clinical negligence (£65bn).

Liabilities outstrip assets at BEIS, DH, DWP, HO, DIT and DExEU.

## The Government is still not transparent enough about its spending plans

Figure 3.14 Transparency ranking of departmental spending plans, Spending Review 2010 to Spending Review 2015

| Department | Spending Review 2010 | Spending Review 2013 | Spending Review 2015 | Overall ranking |
|------------|----------------------|----------------------|----------------------|-----------------|
| DCMS       | 1                    | 1=                   | 1=                   | 1               |
| Defra      | 11                   | 1=                   | 1=                   | 2               |
| DH         | 3                    | 4                    | 8=                   | 3               |
| Moj        | 2                    | 10                   | 6=                   | 4=              |
| DfE        | 4                    | 6=                   | 8=                   | 4=              |
| DWP        | 6                    | 12=                  | 1=                   | 6=              |
| FCO        | 5                    | 3                    | 11=                  | 6=              |
| MoD        | 10                   | 5                    | 6=                   | 8               |
| DfT        | 7                    | 6=                   | 11=                  | 9               |
| HMRC       | 14=                  | 14                   | 1=                   | 10              |
| HMT        | 14=                  | 15                   | 1=                   | 11              |
| DfID       | 12                   | 6=                   | 13=                  | 12              |
| CO         | 13                   | 9                    | 10                   | 13              |
| HO         | 8                    | 12=                  | 13=                  | 14=             |
| DCLG       | 9                    | 11                   | 13=                  | 14=             |

Departments ranked from most transparent to least transparent

Source: Institute for Government analysis of Budgets, 2010–16; Spending Reviews 2010, 2013 and 2015; and departmental Annual Reports, 2011/12 to 2016/17, with reference to other financial reports. Resource DEL only.

There are good reasons why departmental spending plans might change after they have been set at a Spending Review. Policy changes, machinery of government changes (where responsibilities move between departments) or classification changes (where accounting methods change) can all result in spending figures being revised in subsequent Budget documents or a department's Annual Report and Accounts.

Tracking when these changes take place – by comparing different fiscal documents – is relatively straightforward, but it is often more difficult to understand *why* they have taken place. Without these explanations, it can be difficult to hold the Government to account on its public spending decisions.

For each Spending Review period, we have compared the original spending plans with any revised figures in Budgets and departmental accounts. Each department has been graded according to whether changes have been explained, and how easy it is to find these explanations, with departments then ranked according to their average transparency ranking for the 2010, 2013 and 2015 Spending Reviews.

DCMS ranks the highest, mostly because there have not been many significant changes in its spending plans between fiscal documents. The only significant change (above £100m) was for the 2016/17 financial year, and was explained by the Office for Civil Society moving from CO to DCMS.

HMT – the department responsible for producing Spending Reviews and Budgets – and HMRC have historically scored worst in our ranking because of inconsistencies in the way their spending is reported. At Spending Reviews and in Annual Reports and Accounts, separate figures are reported for the two departments, but until 2016, Budget documents combined HMT and HMRC as the ‘Chancellor’s Departments’, making it impossible to compare HMT and HMRC spending plans across different fiscal documents. Since the 2016 Budget, however, the two departments have been accounted separately, which is reflected in their improved ranking in 2016/17.

Some departments, such as DfID and DCLG, have not published figures for Resource DEL excluding depreciation in their Annual Reports and Accounts. This makes it impossible to compare outturn with original spending plans, and has therefore contributed to their lower ranking.<sup>15</sup>

### Some departments’ budgets cover only England, or England and Wales...

Figure 3.15 Percentage of departmental spending responsibility that is devolved to Scotland, Wales and Northern Ireland

| Department | Scotland | Wales | Northern Ireland |
|------------|----------|-------|------------------|
| DfE        | 100%     | 100%  | 100%             |
| DCLG       | 100%     | 100%  | 100%             |
| Defra      | 100%     | 99%   | 100%             |
| DH         | 99%      | 99%   | 99%              |
| DfT        | 91%      | 81%   | 91%              |
| DCMS       | 79%      | 79%   | 80%              |
| Moj        | 100%     | 0%    | 100%             |
| HO         | 92%      | 0%    | 92%              |
| DWP        | 1.4%     | 1.4%  | 100%             |
| BEIS       | 11%      | 10%   | 15%              |
| CO         | 0.5%     | 0.5%  | 4.5%             |
| HMRC & HMT | 0.4%     | 0.03% | 0.3%             |
| DfID       | 0%       | 0%    | 0%               |
| DIT        | 0%       | 0%    | 0%               |
| FCO        | 0%       | 0%    | 0%               |
| MoD        | 0%       | 0%    | 0%               |
| DExEU      | 0%       | 0%    | 0%               |

Source: Institute for Government analysis of HMT, Statement of Funding Policy, 2015; Cabinet Office, notes for machinery of government changes, 2017. Indicative, DEL only.

Since 1999, devolved administrations in Scotland, Wales and Northern Ireland have been responsible for certain policy areas. To fund this, each administration receives an annual block grant for Resource DEL and Capital DEL that the UK Treasury calculates using the Barnett formula. Each year, devolved budgets in Scotland, Wales and Northern Ireland are adjusted based on the per capita share of any spending changes that the UK Government makes in areas of devolved responsibility. Devolved administrations, however, are not required to make spending changes in the same areas as the UK Government. For example, if the Government increases spending on health, this will result in additional money for devolved administrations, but they are not required to spend this money on health.

In all three nations:

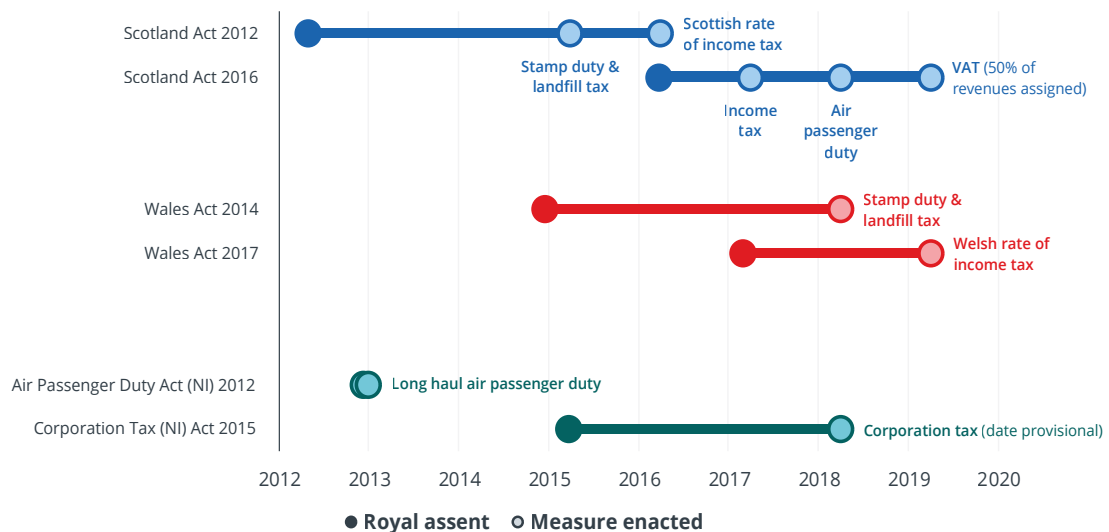
- **DfE, DCLG, DH** and **Defra** functions are fully or almost fully devolved.
- Most **DfT** (e.g. highways, road maintenance) and **DCMS** (e.g. arts, heritage and sports) functions are devolved.
- Some **BEIS** functions (e.g. enterprise) are devolved.

MoJ functions and most HO functions are also devolved in Scotland and Northern Ireland, and DWP’s responsibilities for administering social security are devolved in Northern Ireland, although Northern Ireland is required to replicate most elements of DWP policy.<sup>16</sup>

While the Barnett formula is the main mechanism for funding devolved administrations, the UK Government is not bound by it. After the 2017 general election, the Conservative Government reached a confidence and supply agreement with the Democratic Unionist Party, which included £1bn of additional funding for Northern Ireland. This agreement bypassed the Barnett mechanism, so there was no corresponding increase in spending for Scotland, Wales or England.

### ...and new tax powers are on the way to Edinburgh, Cardiff and Belfast

Figure 3.16 **Timeline of tax devolution measures (central government taxes), 2012–2020**



Source: Institute for Government analysis of legislation.gov.uk, the fiscal frameworks for Scotland and Wales, and House of Commons Library briefings.

Legislation in recent years has initiated a wave of tax devolution to Scotland, Wales and Northern Ireland.

#### In Scotland:

- Stamp duty and landfill tax have been fully devolved since April 2015.
- Income tax rates and bands have been devolved since April 2017 (with the personal allowance and income tax arising from savings and dividends reserved for Westminster).<sup>17</sup>
- Air passenger duty will be devolved in April 2018.

- 
- 50% of VAT receipts collected in Scotland will be assigned to the Scottish Government from April 2019.
  - The aggregates levy – a tax on the commercial exploitation of rock, sand and gravel – will be devolved at a date as yet unspecified.

**In Wales:**

- Stamp duty and landfill tax will be devolved from April 2018.
- UK income tax rates will be reduced by 10p for each band, and the Welsh Government will gain the power to set the Welsh rate separately for each of the basic, higher and additional bands.

**In Northern Ireland:**

- The Assembly was granted the power to abolish long-haul air passenger duty in 2012.
- Powers to set corporation tax will be devolved. The UK government has committed to doing this when the Northern Ireland Executive 'demonstrates its finances are on a sustainable footing'.<sup>18</sup> The aspiration of the previous administration in Northern Ireland was for this to happen in April 2018, but with power-sharing suspended the plan is on hold, potentially to be revived if and when devolution is restored.

While some of these taxes, including income tax and VAT, will continue to be collected by HMRC, others, including stamp duty and landfill tax, will be collected by new public bodies established by the Scottish and Welsh governments.



## 4 Managing public spending

Departments manage their resources in various ways. They can spend directly, fund and oversee public bodies, provide discretionary grants or procure services from third parties. Each approach has different implications for spending, governance and accountability.

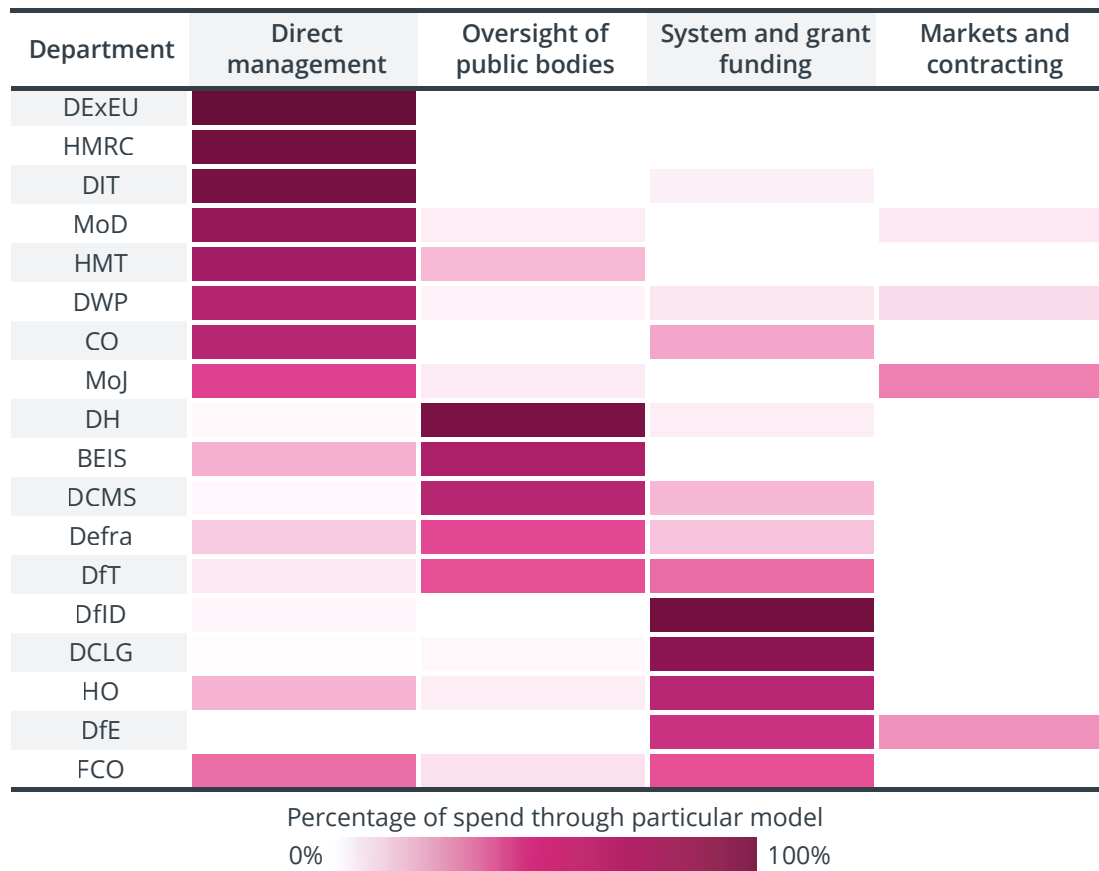
While most departments have a dominant resource management model, their spending is often allocated through multiple channels. All departments directly manage their core central government functions (for example, ministerial support), but some also manage large delivery operations. Other departments pass most of their resources to public bodies (although the number of public bodies has continued to fall) or allocate system and grant funding, which can be formula-based or competitive. Markets and contracting is not the dominant model for delivering public services at any department, although more data is needed to fully understand the scope and quality of outsourced public services.

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## Across Whitehall, departments manage resources in markedly different ways

Figure 4.1 How government departments manage their planned 'day-to-day' spending budgets (RDEL), 2016/17



Source: Institute for Government analysis of HMT, Online System for Central Accounting Reporting (OSCAR), and departmental Annual Reports and Accounts. Indicative only, covering at least 85% of spending.

There are several ways in which departments channel resources to meet their objectives:

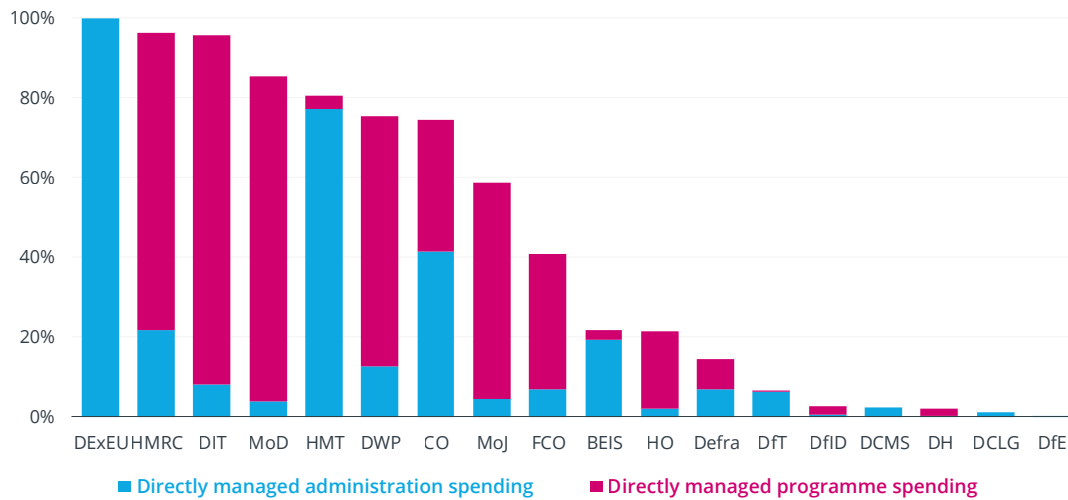
- **direct management:** full control over how resources are deployed. Includes costs, such as staff pay and pensions, that are line-managed within the department
- **oversight of public bodies:** funding and overseeing arm's-length organisations, which have varying degrees of independence
- **system and grant funding:** making payments to individuals or organisations that are independent of central government, such as local authorities
- **markets and contracting:** procuring or commissioning work from third parties, which then deliver services to the public on behalf of the government.

Every department has a dominant resource management model. For example, the Ministry of Justice (MoJ) manages 59% of its Resource DEL spending directly, while 74% of the budget of the Department for Digital, Culture, Media and Sport (DCMS) goes to public bodies such as museums and galleries. Most departments also have secondary channels through which they deploy resources, with 36% of MoJ's budget spent on services that are contracted to third parties (e.g. some prisons, legal aid), and 20% of DCMS's budget spent on grants (e.g. those made by the Office for Civil Society).



## Eight departments manage more than half of their resources directly

Figure 4.2 Directly managed spending as a percentage of planned 'day-to-day' departmental budgets (RDEL), 2016/17



Source: Institute for Government analysis of HMT, OSCAR, and departmental Annual Reports and Accounts. Indicative only, covering at least 85% of spending.

Directly managed Resource DEL spending can be broken down into administration budgets and programme spending.

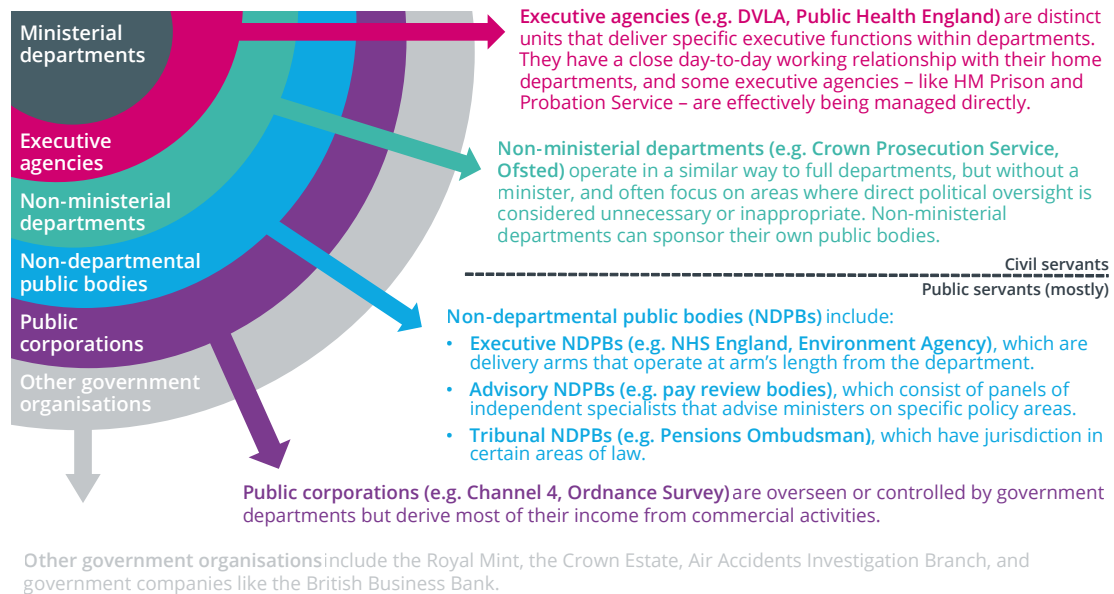
Administration budgets cover the cost of running core central government functions within departments, like providing support to ministers and corresponding with Parliament. All departments dedicate at least a part of their budget to administration, although this is a relatively small percentage of total spending in most cases. The exceptions are departments that focus mainly on policy or cross-government co-ordination, like the Department for Exiting the European Union (DExEU), the Treasury (HMT) and the Cabinet Office (CO). At DExEU, administration spending made up the entire £23m budget in 2016/17.

Departments can also directly manage their spending on policies and programmes, and several have large operational delivery functions. HMRC administers the tax system and directly employs tax officers, and DWP is similarly responsible for running job centres. The armed forces budget is controlled by MoD, which also employs a large civilian workforce, and MoJ runs prisons and courts (via HM Prison and Probation Service and HM Courts and Tribunals Service, agencies that are directly line-managed by MoJ). These four departments are also the ones that have the largest workforces. Even 'direct management' does not mean that ministers have a completely free hand; statutes and other checks and balances constrain what can be done.

## The classification of public bodies is complex, but overall numbers are falling

Most departments pass on some of their resources to public bodies that they do not directly manage. Some of these have their objectives set by departments, while others have greater independence.

Figure 4.3 **Types of public body overseen by government departments (adapted from Cabinet Office classifications)**

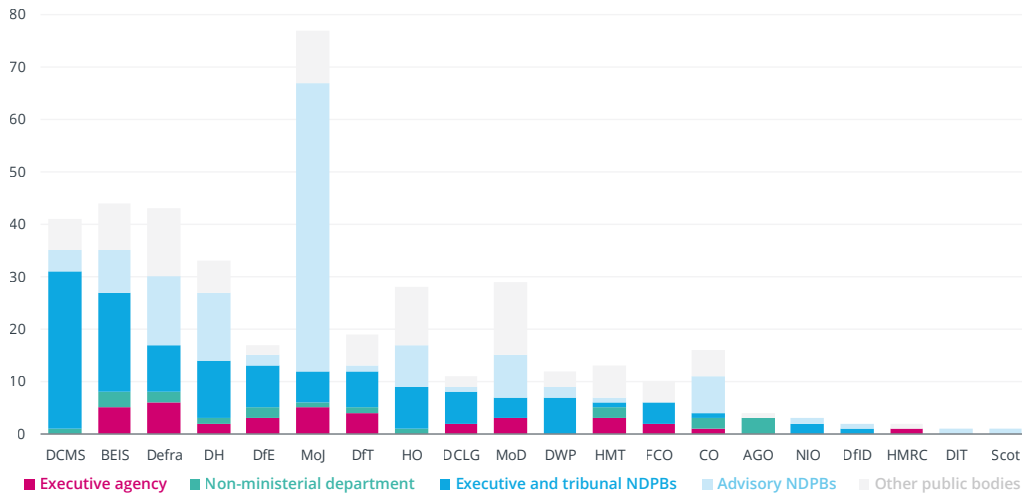


Source: Institute for Government analysis of Cabinet Office, *Classification of Public Bodies*, 2016.

There are many different classifications that government uses for public bodies, including executive agencies, non-ministerial departments and various types of non-departmental public body (NDPB).<sup>1</sup> In theory, these categories should indicate an organisation's governance model and functions; in practice, the way organisations have been classified has often confused rather than clarified the landscape of public bodies (for example, some organisations are given multiple classifications).<sup>2</sup> The Institute for Government argued in 2010 that the Government should 'implement a new, simpler taxonomy', where 'organisational form relates clearly to the function an ALB [arm's-length body] performs', removing the non-ministerial department classification and treating advisory NDPBs as expert committees with no independent legal existence.<sup>3</sup>

The Cabinet Office has recently taken its own steps to standardise the classification of public bodies, publishing guidance to departments in 2016. New organisations will no longer be given multiple classifications, no new tribunal NDPBs will be created, and the classifications of some existing public bodies have been reviewed. However, the Government has conceded that further reviews of public bodies may be delayed by uncertainty surrounding Brexit, despite several inconsistencies remaining in the way public bodies are classified and reported.<sup>4</sup>

Figure 4.4 Number and type of public body by department, October 2017

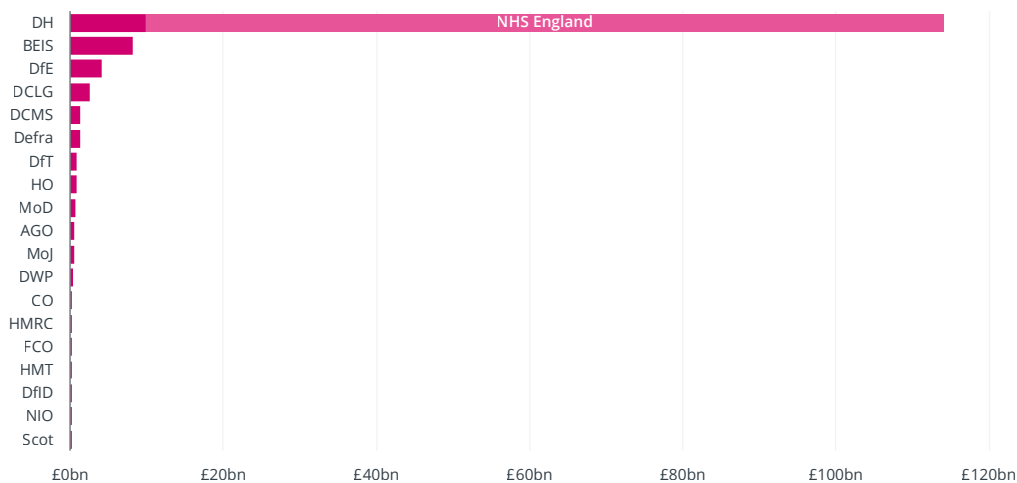


Source: Institute for Government analysis of organisations listed on GOV.UK (as of 4 October 2017); and Cabinet Office, *Public Bodies*, 2017. Indicative based on information from multiple sources.

The department that currently oversees the most public bodies with executive functions is DCMS, which sponsors 30 executive NDPBs (for example, the Natural History Museum, Arts Council England and UK Sport), as well as a non-ministerial department (the National Archives). The departments for Business, Energy and Industrial Strategy (BEIS) and Environment, Food and Rural Affairs (Defra) also oversee a considerable number of public bodies with executive or tribunal functions, such as the Nuclear Decommissioning Authority and the Environment Agency, respectively.

MoJ oversees the most public bodies overall – 77. This includes 44 Advisory Committees on Justices of the Peace. In 2016, 132 Independent Monitoring Boards for prisons, immigration removal centres, and short-term holding rooms were also counted as NDPBs overseen by MoJ, but these are no longer classified as public bodies.

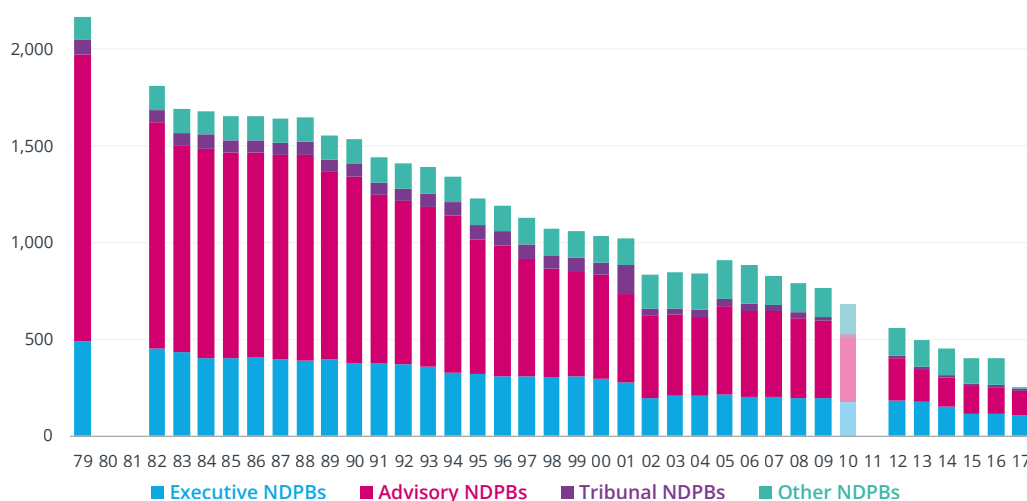
Figure 4.5 Government funding provided to public bodies, by department, 2017



Source: Institute for Government analysis of Cabinet Office, *Public Bodies*, 2017.

Funding for public bodies, however, is concentrated at DH, largely due to NHS England's considerable budget, which was over £104bn in 2016/17. This made up over three quarters of the government funding provided to public bodies, and 13.5% of the Government's total managed expenditure.

Figure 4.6 **Number of non-departmental public bodies (NDPBs), 1979–2017**



Source: Institute for Government analysis of CO, *Public Bodies*, 1979–2009 and 2012–17. 2010 data extrapolated from departments' reports. 132 Independent Monitoring Boards were reclassified in 2017 (having previously been counted as Other NDPBs).

The number of NDPBs – the only type of body for which a long-run data series is available – has fallen considerably in recent decades, from 2,167 in 1979 to 245 in 2017, with the particularly large reduction between 2016 and 2017 being due to the declassification of Independent Monitoring Boards as NDPBs. Governments often promise a 'bonfire of the quangos' to reduce the number of public bodies, which can be perceived as unaccountable.

As Britain leaves the EU, it is likely that additional functions will need to be performed by public bodies in the UK. The extent to which this happens will depend on the nature of any eventual deal agreed with the EU. If the UK leaves any EU regulatory frameworks, then the functions performed by relevant EU regulators – such as the European Food Safety Authority, European Medicines Agency or European Aviation Safety Authority – will need to be re-established within the UK's government machinery. The Government has already confirmed that one new organisation will be created – the Trade Remedies Authority – in the Trade Bill 2017–19, and it is possible that further changes will be announced. However, the Government has indicated that it will seek to 'minimise disruption and costs', and that of the EU regulatory functions that are transferred back to the UK, 'almost all of these will be absorbed into existing government organisations'.<sup>5</sup> It is also possible that the UK and EU will agree on a final deal that retains UK membership of certain regulatory frameworks, reducing the amount of additional functions that public bodies in the UK would need to perform.

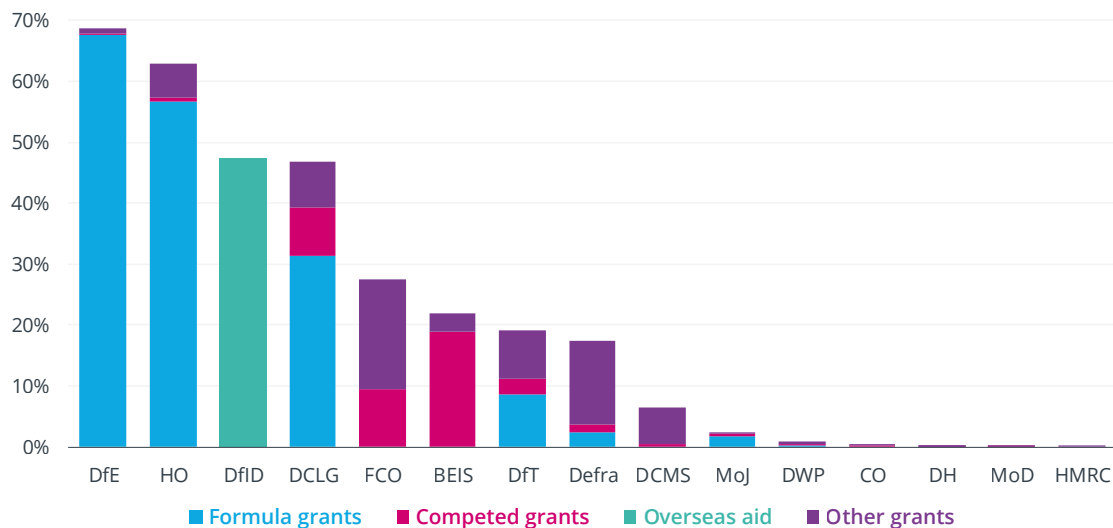
## Formula-based grants at DfE, DCLG and HO are worth £77bn, while other departments use competed grants

Departments can achieve their aims by providing or awarding grants to organisations or individuals, or by providing resources to a set of bodies in the wider public sector that they do not oversee directly. For five departments – Education (DfE), Communities and Local Government (DCLG), the Home Office (HO), International Development (DfID) and the Foreign Office (FCO) – system and grant funding makes up more than half of their Resource DEL budget.

- **DfE** provides the dedicated schools grant to local authorities (via the Education and Skills Funding Agency). This is ring-fenced funding for local authority-run schools.
- **DCLG** provides the revenue support grant to local authorities. This is used to fund non-ring-fenced local services, such as waste collection and libraries.
- **HO** provides police grants to Police and Crime Commissioners.
- **DfID** provides grants to organisations and projects that promote international development.
- **FCO** provides grants to international organisations, and to promote peacekeeping and conflict prevention.

Some departments use other components of their budget for grants; for example, BEIS spends a large part of its Capital DEL budget on research and development grants (via research councils).

Figure 4.7 **System and grant funding as a percentage of total managed expenditure, 2016/17**



Source: Institute for Government analysis of Cabinet Office, *Government Grants Register*, 2016/17; HM Treasury, *Public Expenditure Statistical Analysis*, 2017.

Departments approach system and grant funding in different ways. DfE, HO and DCLG use formula-based grants to fund schools, police forces and local authorities. Once established, these types of grant can help remove the politics from routine budget allocations. However, funding formulas are difficult to reform, because changes can often result in winners and losers. Since the 2017 election, plans to reform police funding and local authority funding have been abandoned, and opposition to the proposed new funding formula for schools has led the Government to make changes to the policy (in the form of a more generous offer).<sup>6</sup>

'Competed' grants involve multiple organisations submitting applications for funding, which are assessed against published criteria. This includes the £1.63bn awarded by DCLG via the Local Growth Fund, and the £813m of innovation grants awarded by BEIS for 'the commercialisation of research and development' and to support the Government's industrial strategy. Other types of grant include those for which there is no competition, such as DfT's funding for Transport for London, and criteria-based schemes such as BEIS's Renewable Heat Incentive, which encourages the use of renewable energy. DfID publishes data on its official development assistance (ODA) grants to standards set by the International Aid Transparency Initiative, but does not currently record whether these are competed by applicants.

The National Audit Office found in 2014 that Government has 'no central good practice guidance and limited central data' on grants, which prevents departments from implementing more effective programmes.<sup>7</sup> Since then, government grant data has improved, with a commitment to make better data available as part of the Open Government Partnership National Action Plan, and the launch of the Government Grants Information System to standardise the recording of information.<sup>8</sup> But government could further improve the information available, for example by recording whether overseas aid grants are competed, extending the use of the respected 360Giving standard for grants data, and better distinguishing between different types of grant recipient.<sup>9</sup>

## Better data is needed to understand the benefits – and risks – of outsourced public services

Whitehall can directly procure or commission others to deliver public services on the Government's behalf, although this is not the dominant resource management model in any department. The use of markets and contracts for Resource DEL spending is most prevalent at:

- **DfE**, where academies account for 30% of spending
- **MoJ**, where contracting and commissioning by HM Prison and Probation Service accounts for 17% of spending, and legal aid services for 19% of spending
- **DWP**, where 10% of spending is on outsourced employment programmes or health and disability assessments
- **MoD**, where 6% of spending is on service concession arrangements with third parties, including contracts to provide air-to-air refuelling capabilities and defence telecommunications systems.

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There is no centrally collected data outlining the scope, cost and quality of contracted public services across government. Nonetheless, we know that Whitehall departments account for only a portion of outsourced service delivery, which can also happen further downstream after departments have provided funds to public bodies (for example, the purchasing of services from GPs by the NHS) or local authorities.

Wider government contracting includes back-office outsourcing by departments and the purchase of goods they use in the delivery of public services (e.g. paper, energy), as well as privately run public services. In 2015/16, £192bn was spent by government on goods and services, of which £70bn was spent by local government, £65bn by the NHS and £9bn by public corporations, with central government departments and other public bodies accounting for the remaining £49bn.<sup>10</sup>

While some contract data is published, the Institute for Government and Spend Network have previously highlighted gaps in transparency – including on contractual terms, performance and the supply chains of third-party service providers.<sup>11</sup> The Information Commissioner has said that the public should have the same right to know about public services whether the service is provided directly by government or by an outsourced provider.<sup>12</sup>

The National Audit Office has noted that contracting out public services can 'significantly reduce costs and help to improve public services'.<sup>13</sup> However, these benefits are not always realised, and when contracts are not properly designed or monitored, costs can escalate and the quality of public services can deteriorate. In 2016, the Public Accounts Committee concluded that the outsourcing of health disability assessments at DWP had resulted in claimants 'not receiving an acceptable level of service from contractors', while costs per assessment had increased significantly.<sup>14</sup> Similarly, in 2013 MoJ found that it had been overbilled in relation to contracts worth £722m.<sup>15</sup>

High-profile failings in outsourcing have led the Government to focus on improving the management of commercial relationships. A new Government Commercial Function has been established to improve the commercial capabilities of the civil service, and a chief commercial officer appointed to lead this effort. While the recent reforms have shown early promise, their long-term success will depend on the focus being sustained, and on whether ministers and other civil servants heed the advice of commercial experts.<sup>16</sup> The collapse of Carillion highlights many of the existing issues, and should encourage a renewed focus on solving them.







## 5 Passing legislation

In the 2017–19 parliament the minority Government faces the task of legislating to ensure that the statute book is ready for Brexit in March 2019. It needs Parliament to pass a raft of primary and secondary legislation against a challenging timetable. But historically, minority governments have proved particularly vulnerable to parliamentary defeats.

The calling of an early general election in April 2017 triggered a rush to get legislation passed before Parliament dissolved. Not all government bills made it through – and some of those that did faced less scrutiny than usual.

The Government has announced plans to introduce nine bills to prepare for Brexit, followed by a great deal of secondary legislation. This is not scrutinised as much as primary legislation, and Parliament has got used to passing less of it in the past two years. Even so, the timetable for getting everything through will be tight.

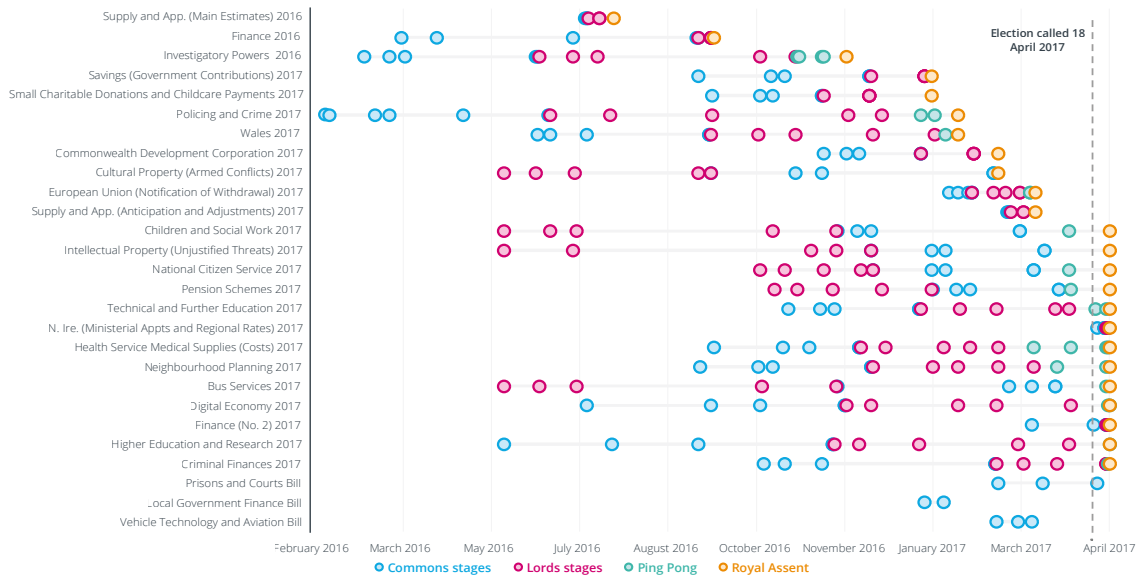
Historical examples – notably the Labour governments of 1924 and the late 1970s – show that minority governments are prone to defeats in the House of Commons, which could add to the pressure on the timetable.

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# The unexpected election created a rush to pass legislation – and meant some government bills were lost

Figure 5.1 Government bills achieving Royal Assent, and bills lost at dissolution, by legislative stage, 2016–17



Source: Institute for Government analysis of UK Parliament, <https://services.parliament.uk/bills>.

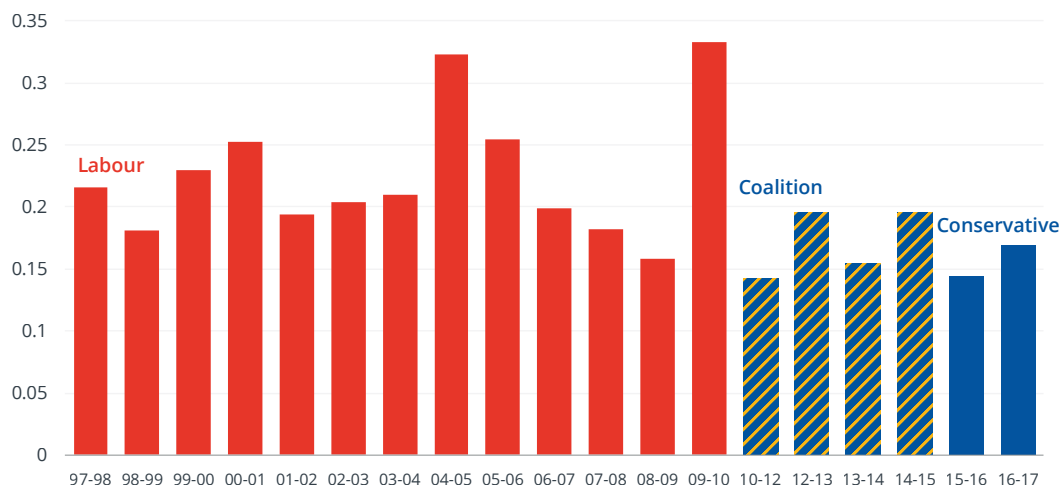
In the 2016–17 parliamentary session, 24 government bills were passed – fewer than in any session under the 2010–15 Coalition Government.<sup>1</sup> In part, this reflects the curtailed session, which ended with the dissolution of Parliament on 3 May ahead of the election in early June.

There is often a rush to complete the passage of legislation at the end of a parliamentary session, especially in the ‘wash-up’ period before dissolution. The Fixed-term Parliaments Act, passed in 2011, was partly intended to prevent this by giving greater certainty about the election cycle – and there was less of a scramble to pass legislation at the end of the 2010–15 parliament.<sup>2</sup> But 13 of the 24 government bills passed during the 2016–17 session achieved Royal Assent on 27 April, the day that Parliament was prorogued. This meant that 1,097 pages of legislation – 38% of all pages passed in the session – were dealt with at speed, raising questions about the adequacy of the scrutiny these bills received.<sup>3</sup>

The Government did not manage to get all its business through. The Finance (No. 2) Act 2017 – translating the Budget into law – was passed, but with just 154 pages, compared to the 776 it had when introduced. Three other government bills were lost entirely:

- Vehicle Technology and Aviation Bill – which would have set a regulatory framework for automated vehicles and other new transport technologies<sup>4</sup>
- Local Government Finance Bill – to pave the way for local government to fully retain income from business rates<sup>5</sup>
- Prisons and Courts Bill – to reform prisons and modernise courts.<sup>6</sup>

Figure 5.2 Number of government bills receiving Royal Assent per sitting day per session, 1997–98 to 2016–17

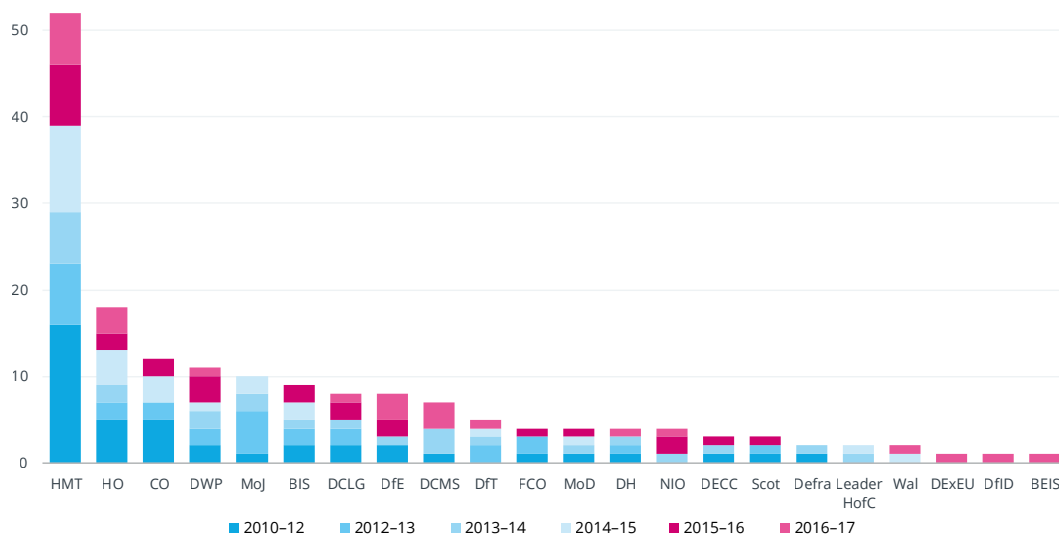


Source: Institute for Government analysis of <http://services.parliament.uk/bills/> and House of Commons Sessional Returns.

A total of 47 government bills were passed during the 2015–17 parliament, working out at 0.16 pieces of legislation per sitting day (days when Parliament is in session). This was a slower pace than in previous parliaments; 0.17 government bills were passed per sitting day in 2010–15, and 0.22 per sitting day in 2005–10.

## The Treasury remains the department responsible for the most legislation

Figure 5.3 Number of government bills receiving Royal Assent by session and department, 2010–12 to 2016–17



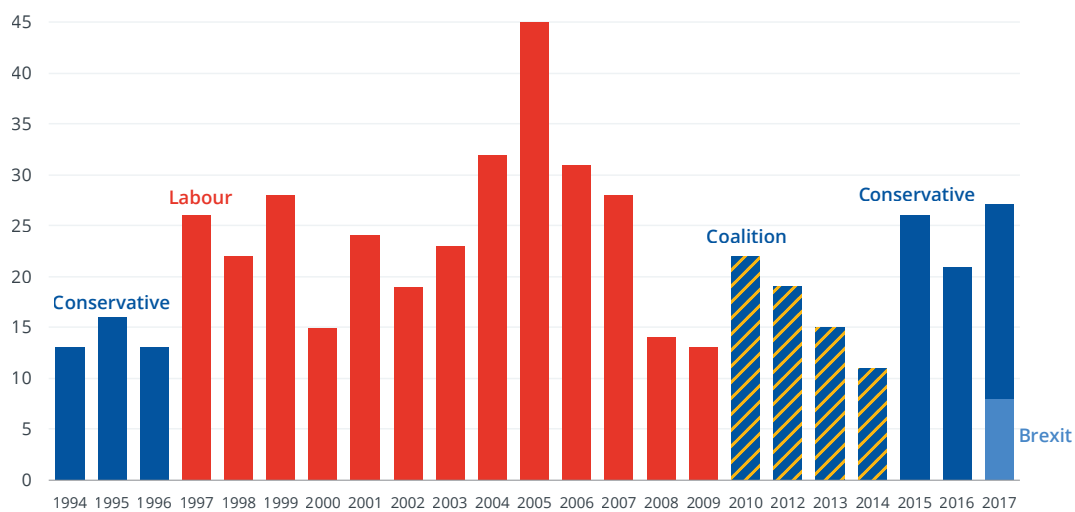
Source: Institute for Government analysis of <http://services.parliament.uk/bills/> and House of Commons Sessional Returns.

In the 2016–17 session, the Treasury was responsible for more bills than any other government department – as it has been in each session since at least 2010, reflecting the annual finance and supply and appropriation bills (authorising government spending) that it must pass.

Six Treasury bills received Royal Assent in 2016–17, double the number passed by the Home Office (HO), the next most prolific department. HO is likely to face a higher legislative workload due to Brexit, as it designs and implements new customs and immigration regimes. Other departments that will need to pass Brexit-related legislation include Environment, Food and Rural Affairs (Defra), a high proportion of whose work – around 80% – is currently framed by EU legislation.<sup>7</sup> Defra has far less recent legislative experience; it passed just two bills in the 2010–15 parliament and none at all in 2015–17.

## There will be a heavy workload for Parliament in the 2017–19 session, dominated by Brexit...

Figure 5.4 Number of bills announced in each Queen’s Speech, 1994–2017



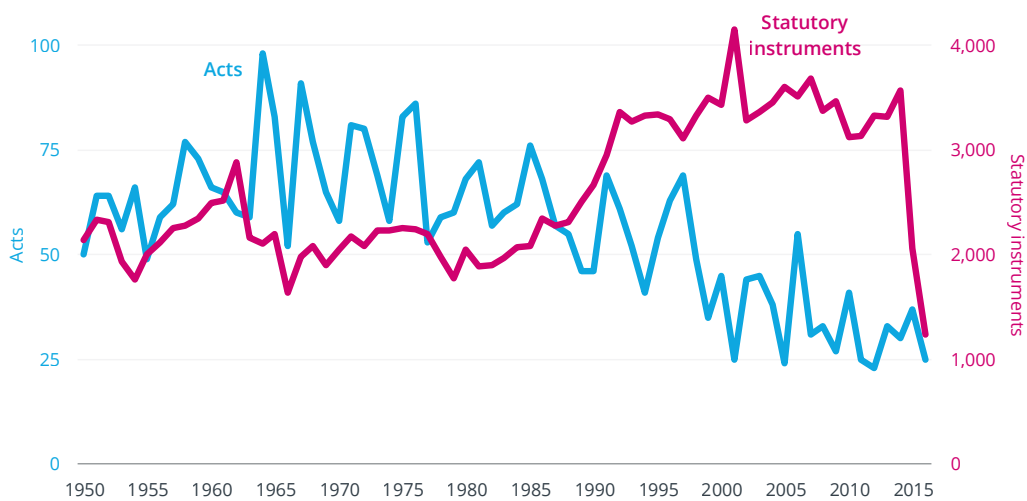
Source: Institute for Government analysis of *Guardian Datablog* data (June 2014), House of Commons Library research, and BBC/*Guardian* coverage.

In the Queen’s Speech following the election, the Government said it would bring forward 27 bills. It also announced a two-year parliamentary session – only the second since 1945 – to allow MPs the time ‘to fully consider the laws required to make Britain ready for Brexit’.<sup>8</sup> Of the 27 bills announced, 19 did not relate directly to Brexit, including legislation to pick up aspects of two bills lost at dissolution: a Courts Bill and the Automated and Electric Vehicles Bill.<sup>9</sup>

Eight of the 27 bills directly related to the need to ensure that the UK is ready to leave the EU in March 2019. These included bills on trade, customs, immigration, and agriculture and fisheries.<sup>10</sup> They also included the EU (Withdrawal) Bill, which will repeal the European Communities Act 1972 and transpose EU laws on to the British statute book, ready for Brexit.<sup>11</sup> In November 2017 the Government announced a ninth Brexit bill: the Withdrawal Agreement and Implementation Bill, which will give force through primary legislation to any agreement reached with the EU.<sup>12</sup>

## ...and much of this workload will come from secondary legislation

Figure 5.5 UK Acts and statutory instruments, 1950–2016 (calendar years)



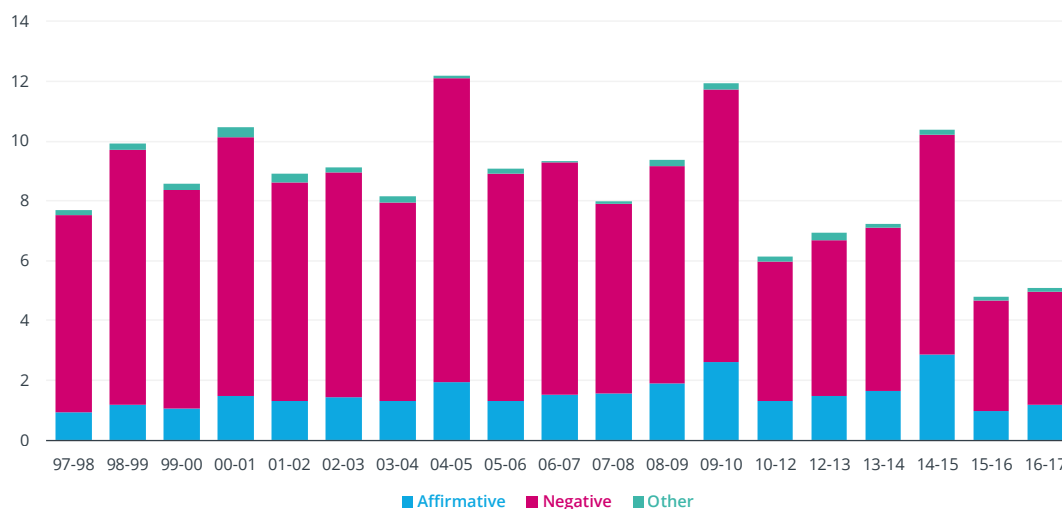
Source: Institute for Government analysis of House of Commons Library, *Acts and Statutory Instruments: the volume of UK legislation 1950 to 2016*, April 2017.

In addition to these government bills, or primary legislation, the Government estimates that it will have to pass between 800 and 1,000 statutory instruments (SIs) – pieces of secondary legislation – to ensure that EU law is technically effective once it has been transposed, as well as to allow for the implementation of any agreement reached with the EU.<sup>13</sup>

To this end, the Government has sought delegated powers, through the Withdrawal Bill, to make changes to 'retained EU law' through secondary legislation. While it argues that this is the easiest way to make minor changes without 'a prohibitively large amount of primary legislation', the scope of the powers it has sought has proven controversial.<sup>14</sup> In particular, the inclusion of so-called 'Henry VIII' powers, allowing the Government to amend or repeal existing primary legislation without the scrutiny normally afforded to bills, has provoked concern among some parliamentarians.<sup>15</sup> During the Commons committee stage of the Withdrawal Bill, the Government accepted an amendment tabled by the Procedure Committee to establish a Sifting Committee to consider which SIs will be subject to affirmative procedure.

In recent decades there has always been considerably more secondary than primary legislation, and the use of SIs has increased significantly since the mid-20th century. In the calendar year 1950, there were 2,144 SIs, while by 1990 there were 2,667, and this number continued to grow, reaching a high of 4,150 in 2001. The Hansard Society has found that between 1950 and 1990 the number of SIs per calendar year averaged around 2,500; but this rose to over 3,000 per year between 1992 and 2015.<sup>16</sup> In the past two calendar years, numbers of SIs have fallen significantly, with only 1,242 in 2016 – the lowest since records began in 1950.<sup>17</sup> The brevity of the 2015–16 session – the shortest first session of a parliament since 1997–98 – and the early election may have affected the number of SIs in calendar years 2015 and 2016.<sup>18</sup>

Figure 5.6 **Statutory instruments passed per sitting day per session, by procedure, 1997–98 to 2016–17**



Source: Institute for Government analysis of House of Commons, Sessional Returns, 1997–98 and 2016–17.

If SIs are counted by parliamentary session (the parliamentary year which tends to run from Spring to Spring) rather than by calendar year, then since 1997 an average of 1,291 SIs have been passed per session, equating to 8.6 each sitting day. Scrutiny of SIs is less intensive than scrutiny of primary legislation. They are subject to two main procedures, neither of which allows Parliament to make any amendments:

- **negative procedure**, in which an SI is laid before Parliament and incorporated into law unless either House objects within 40 days
- **affirmative procedure**, in which both Houses must approve a draft SI when it is laid before them.

Most SIs – 80% since 1997 – are subject to negative procedure, equating to an average of 6.9 SIs per sitting day. Since 1997 just 1.5 SIs per sitting day, on average, were subject to affirmative procedure. In the Commons, most affirmative SIs are considered in Delegated Legislation Committees (DLCs), appointed by the House to review secondary legislation on its behalf. Only a few are considered on the floor of the House – just 13 affirmative SIs (8.6%) in the 2015–16 session.<sup>19</sup> Up to 90 minutes’ consideration is allowed in DLCs, though the Hansard Society estimates that in the 2015–16 session, SIs were debated for an average of just 26 minutes. It is rare for approval of an SI to go to a division.<sup>20</sup>

It is also rare for governments to have SIs rejected by Parliament. The Commons has rejected just 11 since 1950, and the Lords has rejected six – 0.01% of all SIs considered.<sup>21</sup>

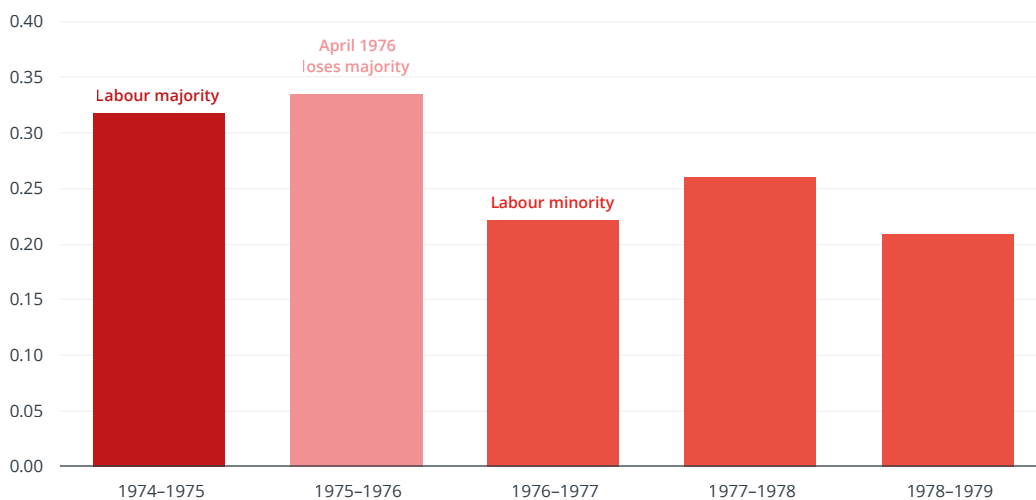
The estimated 1,000 SIs that the Government has said are necessary for Brexit, passed at the average rate over the past two decades – 8.6 per sitting day – would take 116 sitting days. In the last two-year session (2010–12), there were 295 sitting days, and the current session is already more than a fifth of the way towards that – not taking into account the fact that Britain is due to leave the EU before the likely end of the session.

This already difficult timetable is still more challenging because most of these Brexit-related SIs cannot be 'made' – signed by a minister or other person with authority under the relevant primary legislation – until the legislation delegating the powers to do so (the EU (Withdrawal) Bill and other Brexit bills) receives Royal Assent. The progress of the Withdrawal Bill through the Commons has been slower than anticipated with the Bill only passing Commons committee stage before Christmas – partly a reflection of the 405 amendments and 85 new clauses proposed for the Bill's committee stage.<sup>22</sup> And of the nine Brexit bills the Government says it will need, four have yet to be introduced in Parliament.<sup>23</sup>

The longer it takes Parliament to pass this primary legislation, the more compressed will be the parliamentary time available to get secondary legislation on to the statute book before 29 March 2019. The smaller the window, the greater the pressure on government departments to prepare the secondary legislation required. The Withdrawal Bill includes a power enabling urgent SIs to be passed using negative procedure and then approved retrospectively using affirmative procedure within one month. Nonetheless, it may be that the normal parliamentary sitting hours and patterns of recess and sitting periods will fall prey to the legislative workload if the statute book is to be ready in time.

## History suggests that legislation is passed more slowly under minority government...

Figure 5.7 UK General Public Acts passed per sitting day per session, 1974–75 to 1978–79

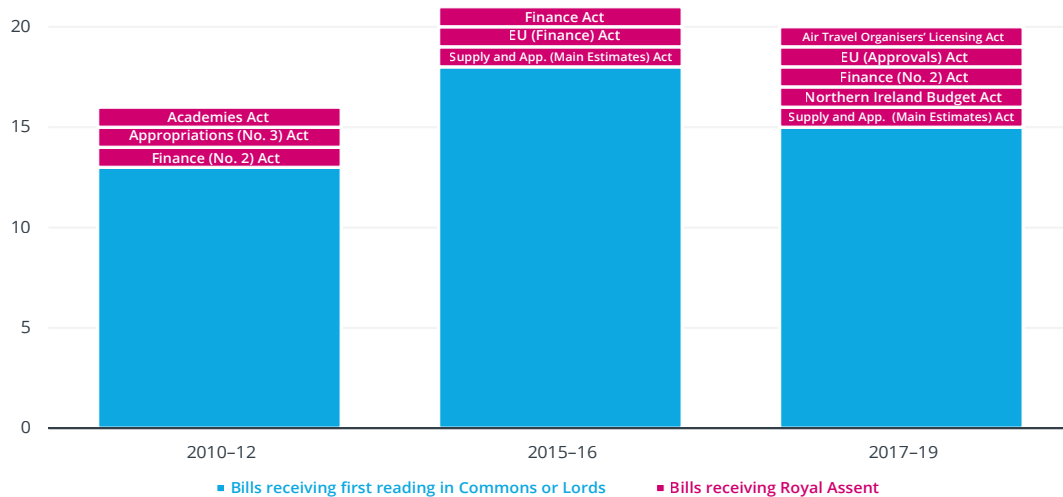


Source: Institute for Government analysis of data from <http://legislation.gov.uk>.

Following the June election, the Conservative Party was returned to government – but relying on support from the Democratic Unionist Party on a confidence and supply basis.<sup>24</sup> History suggests that a minority government finds it harder to legislate. The most recent prolonged period of minority government was between April 1976 and April 1979, after Labour gradually lost the small majority it enjoyed following the October 1974 general election.

In the 1974–75 session, when Labour maintained its slim majority, 0.32 bills per sitting day were passed, or one bill every 3.1 days. But in the three final sessions of the parliament, with a Labour minority government, an average of 0.23 bills per sitting day were passed: one every 4.4 days. This suggests that the need of minority governments to ensure support from their own backbenches and from other MPs can slow down the legislative process.

Figure 5.8 **Government bills before Parliament, and bills achieving Royal Assent, after 70 sitting days, 2010–12, 2015–16 and 2017–19 sessions**



Source: Institute for Government analysis of data on parliament.uk, as of 5 January 2018.

In the 70 Commons sitting days between the 2017 Queen’s Speech and the Christmas recess, 20 pieces of legislation were brought before Parliament (receiving their first reading in either the Commons or the Lords). Of these, five achieved Royal Assent.

This is broadly in line with the situation after 70 days of the 2015–16 session, where the then-government, operating with a majority, had three bills receive Royal Assent, and had introduced another 18. There were more bills in progress than compared with the Coalition Government at the same stage in the 2010–12 session. That was a two-year session, like the current session, and one in which the Government faced the challenge of legislating as a coalition. After 70 days, the Coalition Government had placed only 16 bills before Parliament, with a fifth (three bills) receiving Royal Assent.

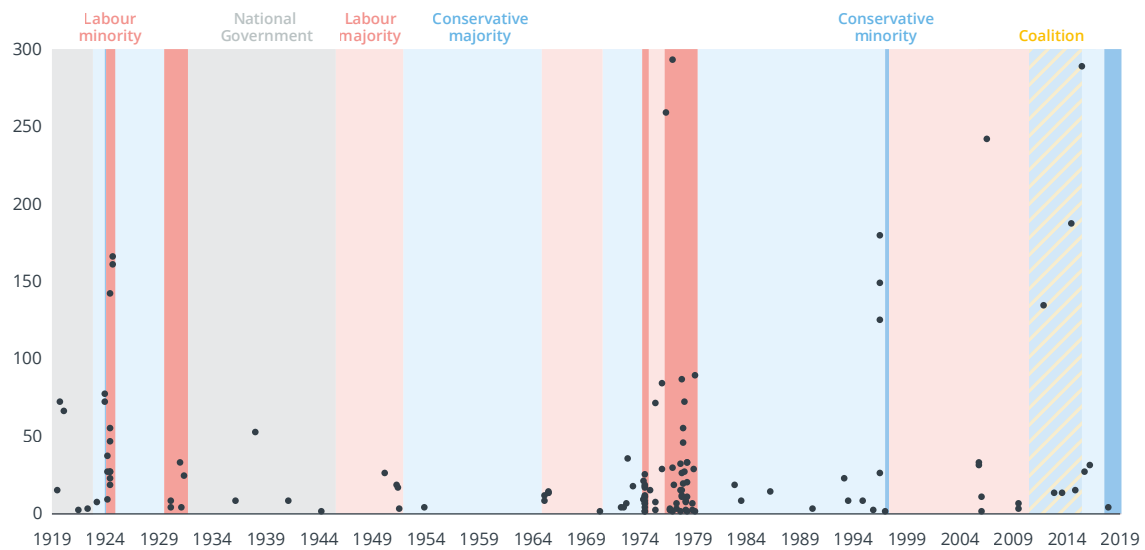
The Government has therefore passed a marginally higher proportion of its legislation than governments at the same stage in the 2010–12 and 2015–16 sessions. However, of the acts passed so far this session, two were financial (Finance (No. 2) Act 2017 and Supply and Appropriation (Main Estimates) Act 2017), which tend to pass through their stages faster than other legislation. Another was the emergency Northern Ireland Budget Act 2017, which received Royal Assent within four days of its first reading.

The Government’s legislative progress may be slower on major pieces of Brexit-related primary legislation, with the Withdrawal Bill already behind the schedule originally anticipated for it. Following the January 2018 reshuffle, more than 70% of the Commons Whips’ Office are new in post, and the government Chief Whip has only been in place since November. This may further affect the ability of the Government to ensure the timely passage of its business through Parliament.



## ...and minority governments are prone to parliamentary defeats

Figure 5.9 Size of government defeats in the House of Commons, January 1919 to December 2017 (minority governments highlighted)



Source: Institute for Government analysis of sources including Butler and Butler, *British Political Facts*, and *Wikipedia*.

The Government has been defeated once in the Commons since the June 2017 election, by a margin of 309 to 305 on an amendment to the EU Withdrawal Bill to give Parliament a vote on any final Brexit deal. Separately, the Government was defeated several times on non-binding opposition day motions (ODMs), and has reportedly adopted a policy of abstaining on ODMs it does not think it will succeed in defeating. These are not included above, due to difficulties in piecing together consistent long-term data on relatively rare government defeats on ODMs.

Historically, while majority governments have suffered defeats, most government losses have clustered around periods of minority government. In 1924, Labour under Ramsay MacDonald experienced 12 defeats during its almost 10 months in office. Of these, two were by margins of over 150, both on 8 October 1924, and both relating to the 'Campbell Case', in which the Government prosecuted the editor of a magazine for incitement to mutiny, and then dropped the proceedings. They were treated as confidence motions and led to the collapse of the Government.

When Labour governed as a minority in 1976–79, it suffered over 30 defeats, culminating in its loss, by one vote, of a confidence motion in March 1979, leading to a new general election. It also experienced the largest government defeat in the Commons since 1918, when in March 1977 it lost a vote by 293-0 on public spending cuts to pay for the 1976 IMF loan.<sup>25</sup>

The Major Government was defeated just once – by a margin of one vote, on the second reading of an education bill – between losing its majority in December 1996 and the May 1997 election.

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Under the Fixed-term Parliaments Act, votes of confidence are now clearly defined and subject to an explicit process, which has yet to be used.<sup>26</sup> But other defeats in the Commons can be damaging for minority governments, as they lose political capital and make the challenge of legislating all the more difficult. This is exacerbated by the absence of a government majority in the Lords, a chamber which in the past has proved itself willing to vote against governments. Between 1999 and 2010, governments were defeated over 450 times in the Lords.<sup>27</sup> Overturning Lords amendments in the Commons may prove harder for a minority government. The current Government's caution in proceeding with the Withdrawal Bill reflects awareness of the damage any defeat could do.



## 6 Delivering major projects

Brexit will require the successful delivery of major projects in areas such as customs and immigration. These are yet to begin in earnest, but the Government approaches this challenge with a project portfolio already containing many high-cost and high-risk projects. Successful delivery now appears 'probable' for only a fifth of all government major projects, and costs have increased across the portfolio. But there is also good news – delivery confidence is up for small, and information and communications technology (ICT) projects, and the disruptive turnover of project leaders has slowed.

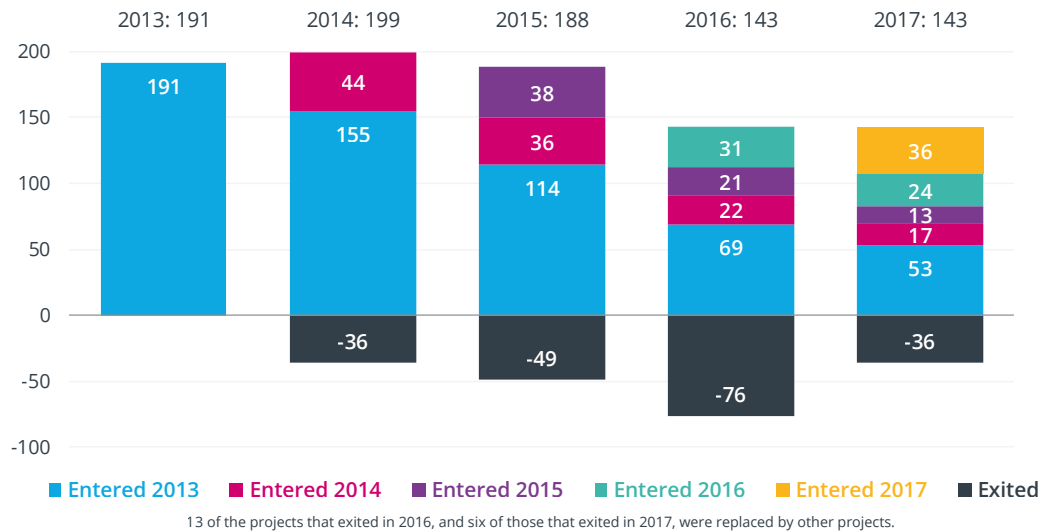
Alongside their day-to-day operations, government departments manage a range of projects and programmes. Among these are building High Speed Rail at DfT, upgrading IT systems at the Home Office, and improving military capability at MoD. The 'most complex and strategically significant' are included in the government major projects portfolio – an evolving portfolio overseen by the Infrastructure and Projects Authority (IPA), a joint unit of the Treasury and the Cabinet Office. Each year, the IPA awards projects a red-amber-green (RAG) rating based on how confident it is that they will be delivered on budget and on time.

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## The Government is managing as many major projects as last year...

Figure 6.1 Number of projects in Government Major Projects Portfolio, 2013–17



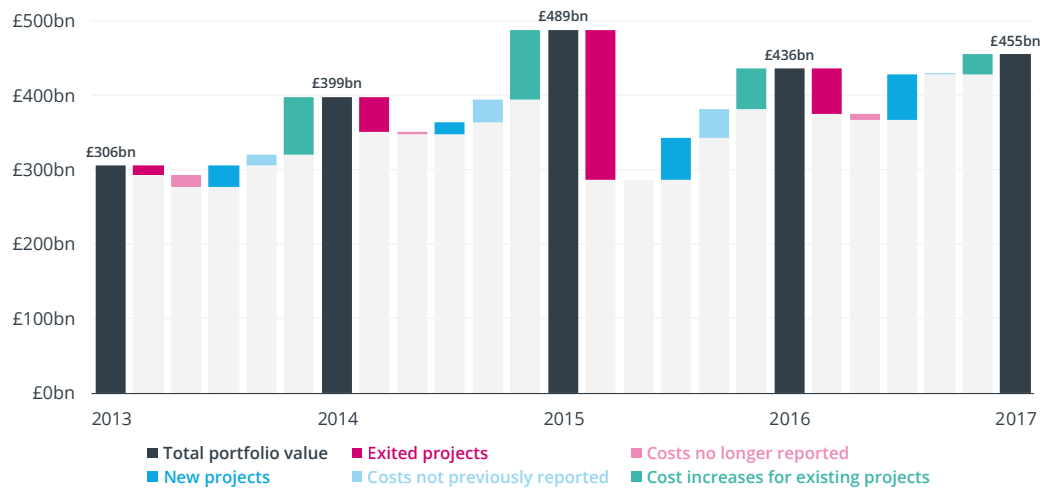
Source: Institute for Government analysis of Infrastructure and Projects Authority annual reports, 2013–17. Data in each report as of previous September.

The IPA oversaw 143 government major projects in 2017, the same as in 2016, but down from a peak of 199 in 2014. However, the number still seems too high; the chief executive of the civil service, John Manzoni, said in 2016 that the civil service is 'doing 30% too much to do it well'.<sup>1</sup> Many major projects aimed at implementing Brexit (for example, those relating to new customs and immigration systems) have not yet been added to the portfolio.<sup>2</sup> According to the National Audit Office, there are 14 potential new Brexit-related major projects that 'would be critical for immediate implementation after EU exit', with another 10 projects affected by Brexit already in the portfolio.<sup>3</sup> To meet the additional demands, the IPA has urged departments to prioritise their major projects 'to create space in an already full portfolio'.

Of the 36 projects that left the portfolio in 2017, 21 were delivered successfully, while five were brought to an early close without having met their objectives. The remaining projects were either replaced by new ones, or no longer met the criteria to be included in the government major projects portfolio.

## ...and the total value of the projects portfolio has grown

Figure 6.2 Total whole-life costs of the government major projects portfolio, and breakdown of change, 2013–17



Source: Institute for Government analysis of Infrastructure and Projects Authority annual reports, 2013–17. Data in each report as of previous September.

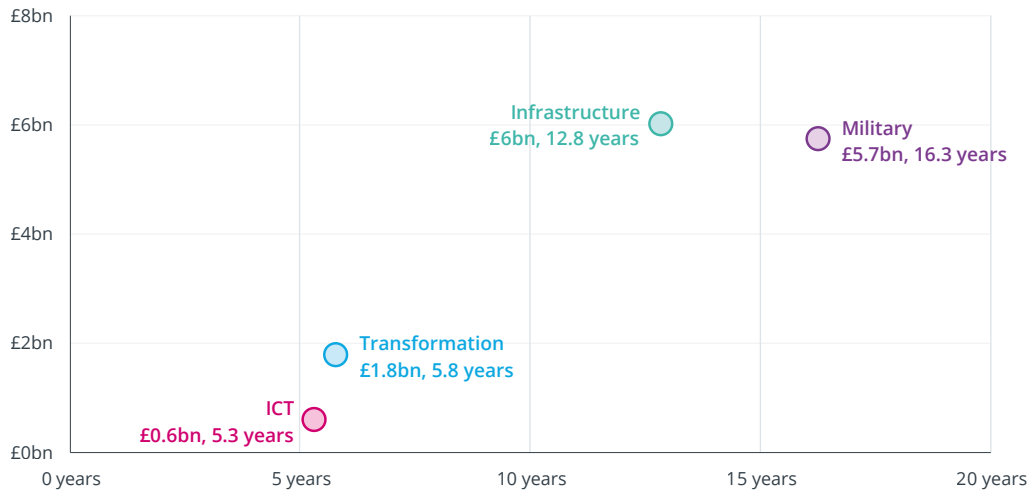
The total whole-life cost of projects included in the portfolio was £455bn in 2017. This was up from £436bn in 2016, but down from a peak of £489bn in 2015 (when the number of projects in the portfolio was higher). The average cost of a project has increased every year since 2013, and is now £3.4bn.

New projects with a combined whole-life cost of £62bn were added to the portfolio in 2017, more than in any previous year. Among these were DfE’s £11.3bn apprenticeship reform programme, and MoD’s £11.1bn project to improve communications systems used in land environments. These projects, however, were completely offset by those that left the portfolio in 2017, which were also valued at a combined £62bn. The largest was DH’s £18.6bn programme to implement the reforms set out in the Care Act 2014 (where successful delivery was considered ‘probable’ in 2016).

The growth in the value of the Government’s projects portfolio between 2016 and 2017 can therefore be attributed to increased cost estimates for existing projects. Estimated whole-life costs for those included in the portfolio in both years rose by a total of £26bn, with an increase of £13.1bn for the High Speed Rail programme, and £12.9bn for the construction of the Hinkley Point C nuclear plant. Cost increases for existing projects were lower in 2017 than in previous years (estimated costs grew by £77bn in 2014, £94bn in 2015, and £54bn in 2016).

## Costs are particularly high for infrastructure and military projects

Figure 6.3 Average whole-life cost and duration of projects in the government major projects portfolio, by project type, 2017



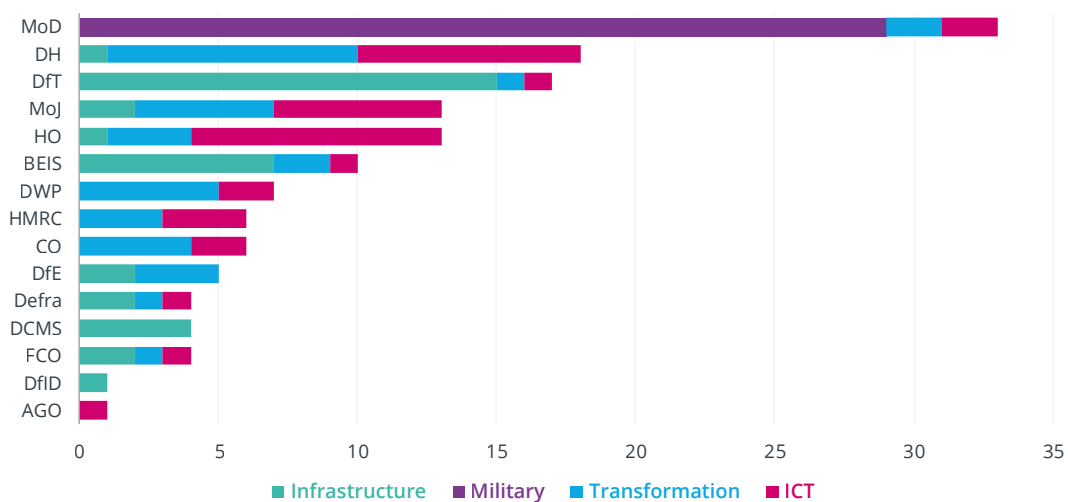
Source: Institute for Government analysis of Infrastructure and Projects Authority annual report, 2017. Data as of previous September.

The IPA breaks down projects into four categories in its annual report:

- **Military** projects help maintain national security.
- **Infrastructure** projects add to the UK's stock of fixed building assets, and can help promote growth in the economy.
- **Transformation** projects make the delivery of public services more efficient and improve the experience of users.
- **Information and communications technology (ICT)** projects enable cost savings by improving or replacing government IT systems.

Whole-life costs tend to be higher – and delivery timelines longer – for infrastructure and military projects, reflecting their complexity and scale.

Figure 6.4 Number of major projects by departmental group and type, 2017

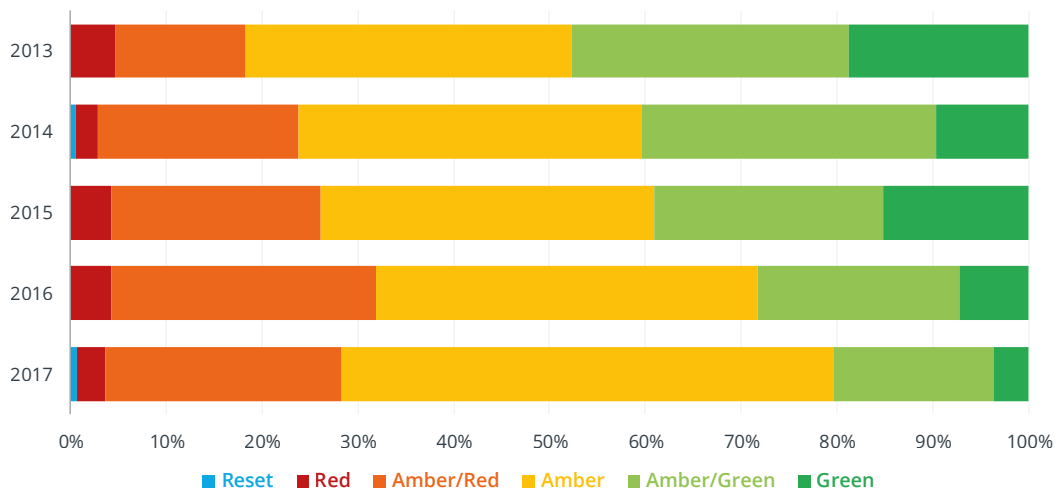


Source: Institute for Government analysis of Infrastructure and Projects Authority annual report, 2017. Data as of previous September.

Together, the MoD (with 33 projects), DH (with 18) and DfT (with 17) account for more than half of the projects in the government major projects portfolio. The MoD is responsible for all 29 military projects, while most infrastructure projects are run by DfT (e.g. HS2, Crossrail, Thameslink) or the Department for Business, Energy and Industrial Strategy (BEIS, e.g. Hinkley Point C, Sellafield). IT and transformation projects are more evenly spread across departments, with a particularly large number of projects at DH, MoJ and the Home Office, which have large service delivery functions. The IPA did not oversee any major projects in 2017 managed by the Treasury, Communities and Local Government (DCLG), International Trade (DIT) or the Department for Exiting the European Union (DExEU).

## The Government is confident of successfully delivering only one in five projects

Figure 6.5 Red-Amber-Green delivery confidence rating (where known) of all projects in the government major projects portfolio, 2013–17



Source: Institute for Government analysis of Infrastructure and Projects Authority annual reports, 2013–17. Data in each report as of previous September.

The IPA defines the RAG ratings given to projects as:

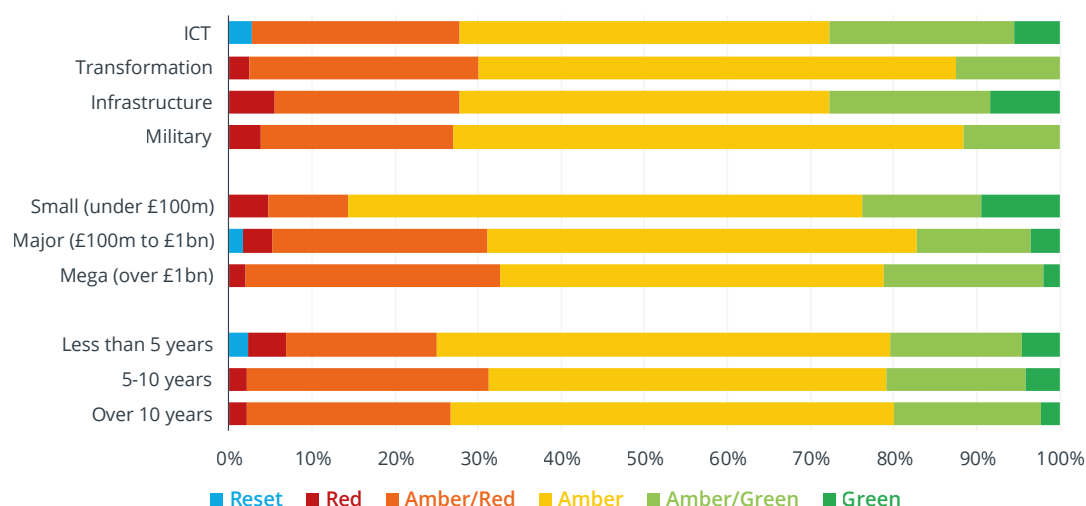
- **green** if successful delivery appears highly likely
- **amber/green** if successful delivery appears probable
- **amber** if successful delivery appears feasible but significant issues already exist
- **amber/red** if successful delivery is in doubt
- **red** if successful delivery appears to be unachievable.

The percentage of projects rated green or amber/green has fallen every year since 2013 and is now only 20%. Meanwhile, the percentage of projects rated red or amber/red increased every year from 2013 to 2016, though fell from 32% to 28% in 2017. Four projects were given a red rating in 2017 (nuclear core production at MoD, the A303 tunnel and M20 lorry park at DfT, selling government-owned shares at BEIS), and one project – relating to IT improvements at the Home Office – was reset with a new business case after being rated red in 2016.<sup>4</sup> One of the projects given a red rating – the M20 lorry park (which aims to minimise disruption in Kent when the Channel Tunnel is forced to close) – is among 10 projects identified as being affected by Brexit, according to the National Audit Office.

Confidence in delivery has declined partly because projects that are going well are more likely to leave the portfolio (after they are successfully completed), while those that are added tend to be more challenging and risky. Of the 36 projects that left the portfolio in 2017, 20 were rated green or amber/green in 2016, while none of the new projects were given a similar rating. The RAG ratings for projects that stayed in the portfolio between 2016 and 2017 were slightly more likely to improve than worsen, but delivery confidence for ongoing projects does not seem to be improving at the rate required to keep the overall balance in the portfolio stable. The changing balance of RAG ratings could also indicate a shift in the way that the IPA assesses project confidence.

## Delivery confidence is low for transformation, military and high-cost projects

Figure 6.6 Red-Amber-Green delivery confidence rating (where known) of major projects by project type, whole-life cost, and duration, 2017



Source: Institute for Government analysis of Infrastructure and Projects Authority annual report, 2017. Data as of previous September.

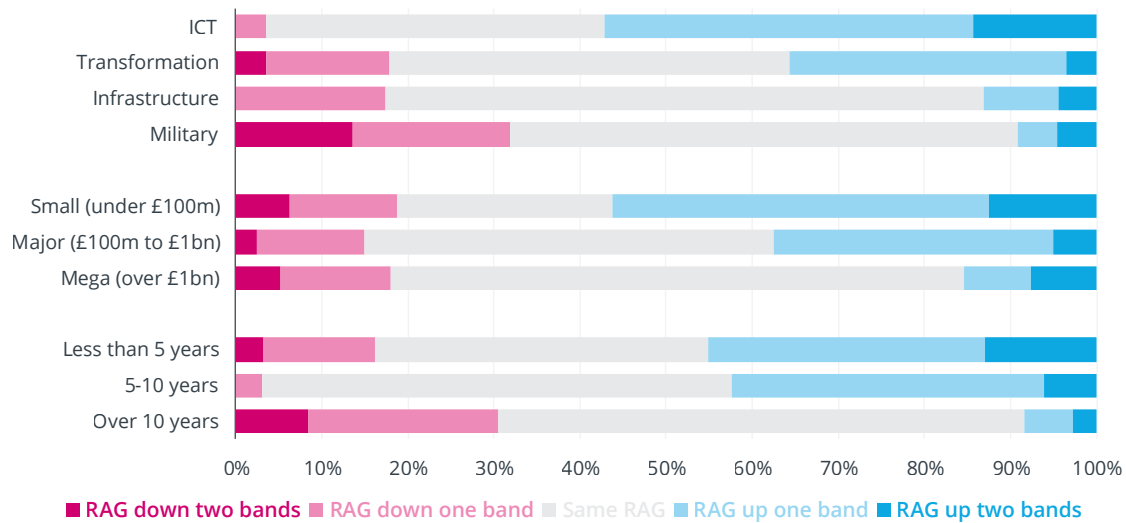
While delivery confidence is not high for any category, the percentage rated green or amber/green is particularly low for transformation and military projects, at 12.5% and 11.5% respectively. Roughly similar proportions of projects in each category were given the riskier ratings of red or amber/red in 2017 (ranging from 25% for ICT projects to 30% for transformation projects), which suggests that there isn't a single category that inherently carries more risk.

Projects with high estimated whole-life costs, however, are significantly more likely to be considered at risk than those with low costs. A third with costs over £1bn, and 29% of those between £100m and £1bn, were rated red or amber/red in 2017, compared with only 14% of projects with costs below £100m. Larger projects can face difficulties because they are often unique, meaning that it is harder to rely on comparisons with other projects to estimate costs and timelines (although there is no obvious link between project duration and RAG rating in the portfolio).<sup>5</sup>



## Delivery confidence has improved most for IT projects, small projects, and projects with short timetables

Figure 6.7 Change in Red-Amber-Green delivery confidence ratings (where known) by project type, whole-life cost, and duration, 2016–17



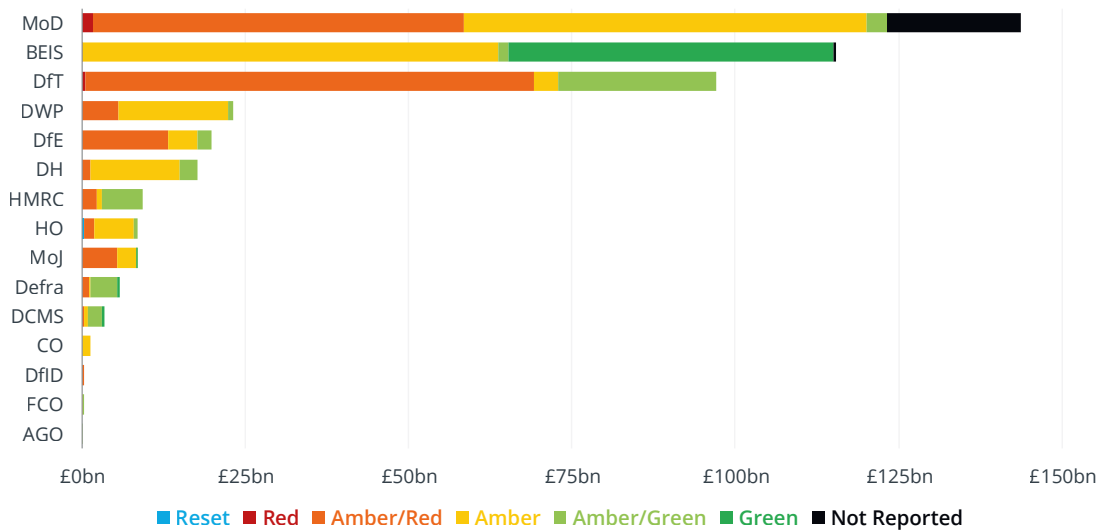
Source: Institute for Government analysis of projects rated in both the 2016 and 2017 Infrastructure and Projects Authority annual reports. Data in each report as of previous September. Project type based on 2017 classification.

Delivery confidence improved for 57% of ICT projects that remained in the portfolio between 2016 and 2017. In 2016, nearly half of ICT projects were rated among the riskiest, at red or amber/red.<sup>6</sup> Delivery confidence also improved for 36% of transformation projects, but worsened for 32% in the military category.

Projects with lower whole-life costs were also more likely to show improvements in delivery confidence; 56% of those with costs under £100m had a better RAG rating in 2017 than in 2016. In contrast, RAG ratings improved for only 15% of projects worth over £1bn, with delivery confidence falling for 18%. Similarly, 45% of the projects expected to last less than five years improved in 2017, while only 8% expected to last over 10 years did. A possible explanation is that, over the life of a project, the RAG rating will typically go from more to less risky, and that projects with shorter timelines go through this process more quickly.

## 'At risk' projects at MoD and DfT are worth a combined £128bn

Figure 6.8 Whole-life costs of major projects by Red-Amber-Green delivery confidence rating and departmental group, 2017

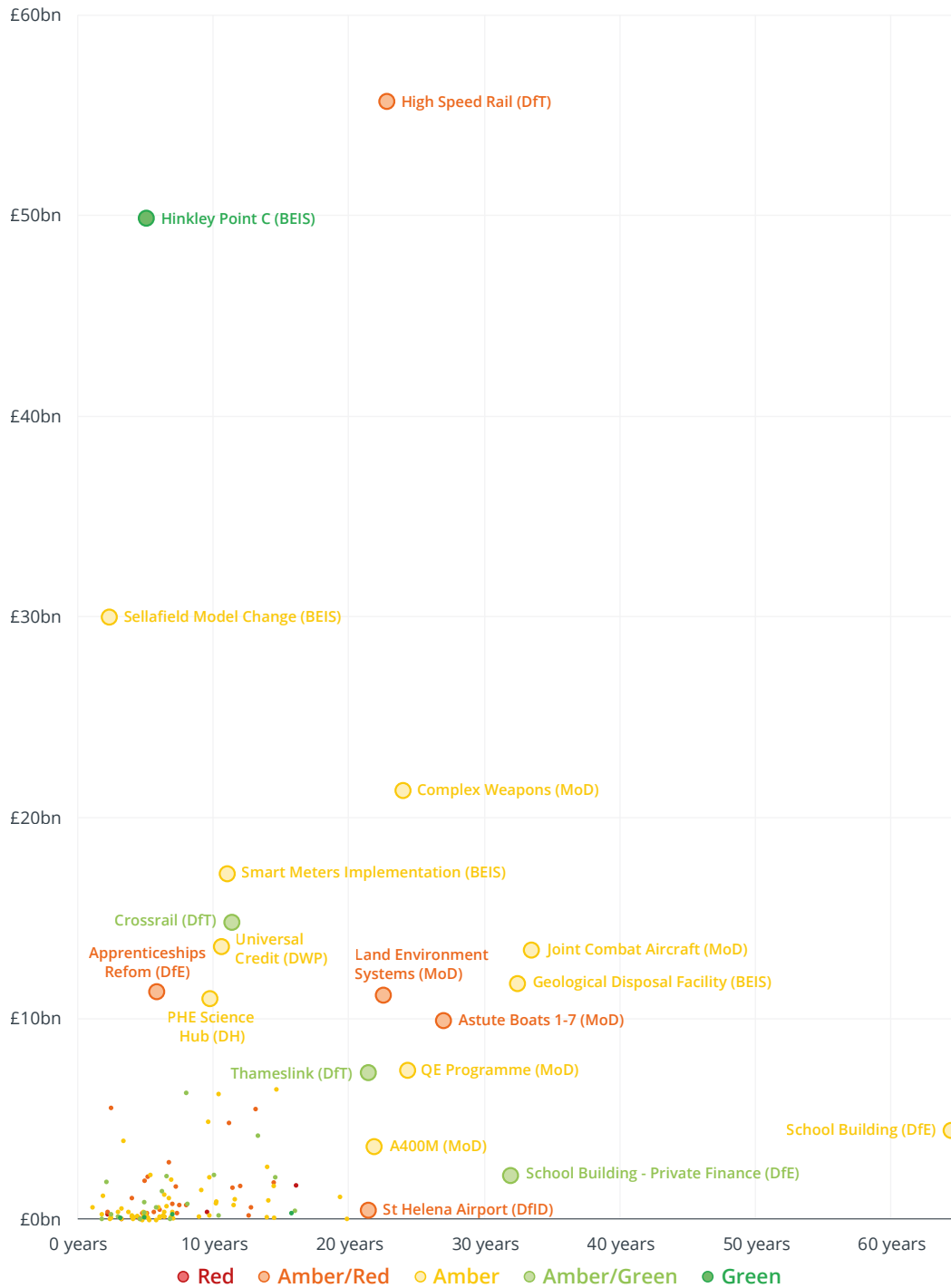


Source: Institute for Government analysis of Infrastructure and Projects Authority annual report, 2017. Data as of previous September.

Together, MoD, BEIS and DfT account for 78% of the project costs in the government major projects portfolio. The value of the portfolio at DH, MoJ and HO is much smaller, even though they are responsible for more individual projects than BEIS (mostly because they tend to focus on IT and transformation, while BEIS's projects are mainly infrastructure).

Within the £455bn portfolio, projects worth a total of £159bn are rated amber/red or red – meaning their successful delivery appears 'in doubt' or 'unachievable'. This risk is concentrated at DfT, which is responsible for at-risk projects worth a combined £69bn, and MoD, which is responsible for at-risk projects worth £58bn. More than half of the portfolio value at DfE and MoJ is also rated amber/red or red. In contrast, almost all BEIS's sizable project portfolio is rated green, amber/green or amber.

Figure 6.9 **Projects in the government major projects portfolio, by whole-life cost, duration and Red-Amber-Green delivery confidence rating, 2017**



Delivering major projects

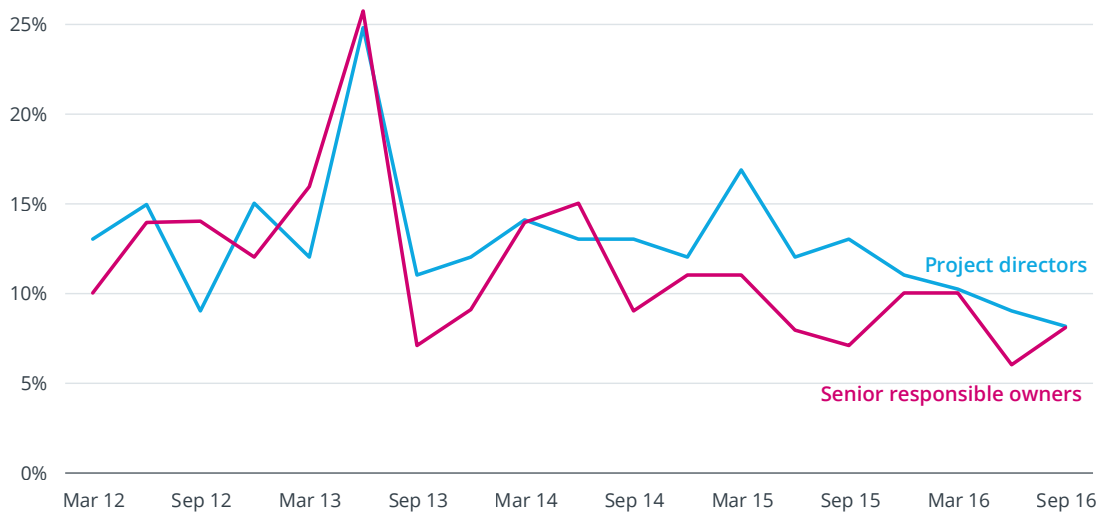
Source: Institute for Government analysis of Infrastructure and Projects Authority (IPA) annual report, 2017. Data as of previous September. Projects worth over £10bn or lasting more than 20 years have been highlighted. Project end dates reported by the IPA can refer to the end date for project delivery or for the project business case.

The project with the highest estimated whole-life cost, DfT’s High Speed Rail programme, is one of those projects rated amber/red. According to the project’s senior responsible owner, this rating ‘reflects [its] overall complexity’ and ‘should be seen in the light of the very significant progress’, such as the passage of the High Speed Rail Act 2017.<sup>7</sup> The two largest new projects in 2017, DfE’s apprenticeships reform and MoD’s land environment tactical communication and information systems, were also rated amber/red.

BEIS's project 'to agree a contract to enable the construction and operation of a new nuclear power plant' at Hinkley Point C was given a green RAG rating in 2017, after the Government came to a revised agreement with the energy company EDF in autumn 2016. Before this, the project's RAG rating had not been reported; however, the estimated whole-life cost (which is determined by the gap between the Hinkley Point C strike price and the long-term forecasts for wholesale electricity prices) has increased from £21m in 2013 to £49.9bn in 2017.

## Turnover of project leaders has fallen, and morale of civil service project delivery professionals has risen

Figure 6.10 Quarterly turnover of major project senior responsible owners and project directors, March 2012 to September 2016



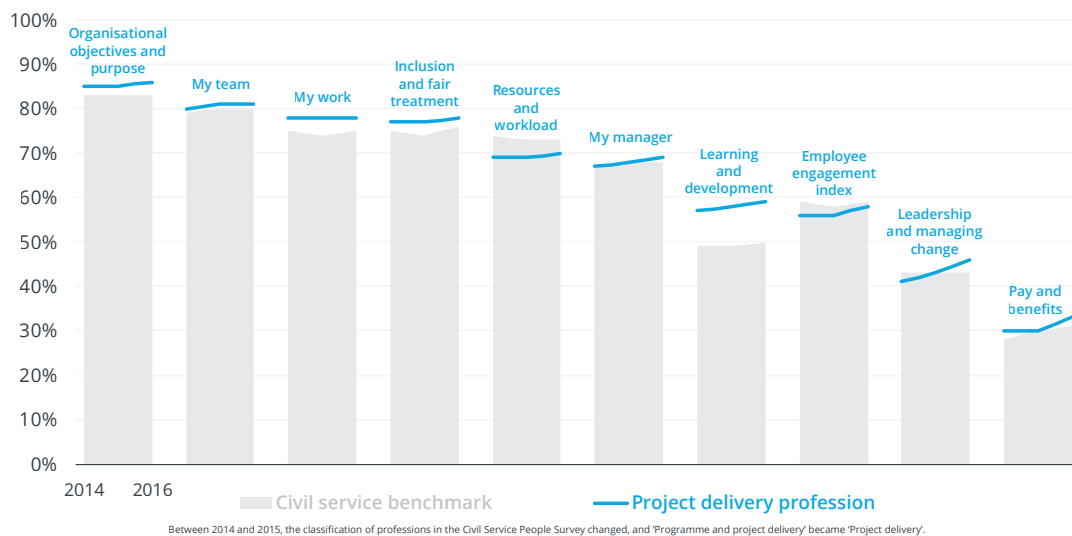
Source: Institute for Government analysis of data extracted from Infrastructure and Projects Authority annual report, 2017, using WebPlotDigitizer.

There are two key leadership positions for projects in the portfolio:

- **Senior responsible owners (SROs)** oversee delivery, establish effective governance around projects and secure the resources necessary to ensure success. They are accountable to parliamentary select committees for explaining the decisions and actions they take.<sup>8</sup>
- **Programme or project directors** manage the day-to-day running, and are accountable to the project SRO.<sup>9</sup>

Turnover for project directors and SROs is at 8% per quarter, down from a peak of around 25% in Q2 2013. This means that project leaders will typically spend three and a half years in post. While it is unclear why turnover spiked in 2013, the foreword in the following year's Major Projects Authority annual report by Francis Maude – then the Minister for the Cabinet Office – recognised the high turnover of project leaders as a problem.<sup>10</sup> Ensuring that experienced people remain in post is crucial for delivering projects successfully, so the subsequent fall in turnover is an encouraging development.

Figure 6.11 Civil Service People Survey scores – project delivery profession against civil service benchmark, 2014–16



Source: Institute for Government analysis of Cabinet Office, Civil Service People Survey, 2014–16.

Engagement scores have improved for project delivery professionals in the civil service. Scores for every theme in the Civil Survey People Survey have risen, apart from 'my work', where respondents remain as satisfied as they were in 2014. The most noticeable improvement has been for 'leadership and managing change', where scores have increased from 41% to 46%. The project delivery profession outperforms the civil service benchmark significantly for 'learning and development' satisfaction, scoring 59% compared with a benchmark of 50%. This may reflect the success of the Major Projects Leadership Academy, which since 2014 has been a necessary step in accrediting senior responsible owners for major projects. Nonetheless, the 2016 survey also showed 21% of those working in project delivery wanting to leave their organisation within a year.





## 7 Communication and transparency

Departments are withholding more information in response to Freedom of Information requests, with the Department for Exiting the European Union (DExEU) one of the most opaque. This is one example of a wider lack of transparency around Brexit. Publication of spending and organisational data remains patchy, suggesting departments are not using the data themselves. The early election has disrupted the flow of information to select committees holding government to account.

Communication and transparency are an important part of departments' work. They allow the public and Parliament to understand what government is doing and hold it to account. How departments respond can also indicate administrative competence, and the requests received can be a useful early warning mechanism.<sup>1</sup>

Our 'responsiveness ranking' looks at three key mechanisms for requesting government information: Freedom of Information (anyone can write to a department and request information), ministerial correspondence (MPs writing to departments on behalf of their constituents) and written parliamentary questions (MPs asking ministers directly about their work, policies and activities). The Wales Office, Department of Health (DH) and Department for Transport (DfT) were the most responsive; the Department for Education (DfE), Department for Communities and Local Government (DCLG) and the Department for Business, Energy and Industrial Strategy (BEIS) the least.

In 2016–17 more ministerial correspondence was answered in time thanks to more generous targets, while fewer parliamentary questions were answered on time and information was withheld in response to more Freedom of Information requests.

Parliament has other mechanisms to hold government to account, including urgent questions (which have increased significantly in recent years) or select committee inquiries (which have also increased in number, with the election delaying government responses).

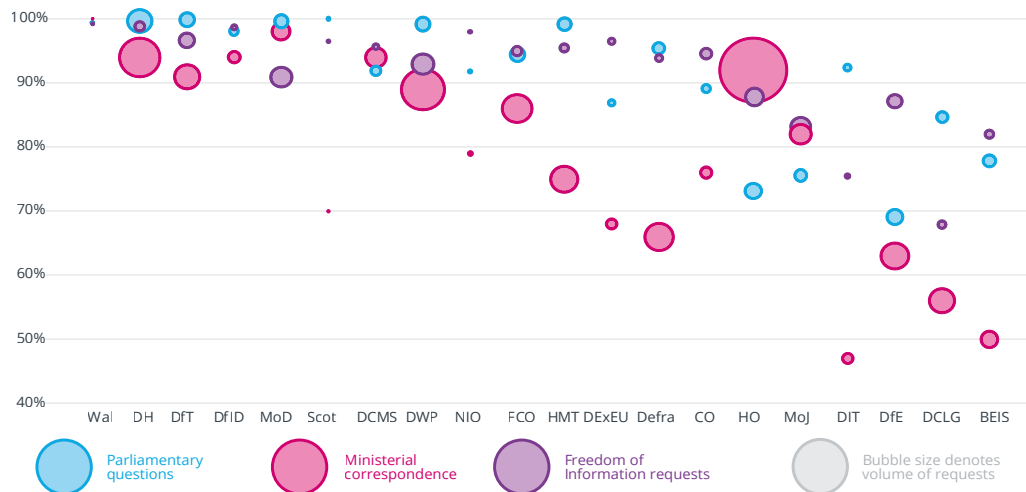
Meanwhile, departments' publication of mandated data releases, including spending over £25,000, organograms and ministerial hospitality, is patchy. Departments also proactively publish on GOV.UK, though supply and demand differs by department.

### Get the latest data

[www.instituteforgovernment.org.uk/transparency](http://www.instituteforgovernment.org.uk/transparency)

## The Wales Office was the best department at responding to requests for information on time (though had the fewest requests to respond to)

Figure 7.1 Responsiveness ranking: volume and departmental timeliness in responding to parliamentary questions, ministerial correspondence and Freedom of Information requests, 2016–17



Source: Institute for Government analysis of parliamentary questions, 2016–17; ministerial correspondence, 2016; Freedom of Information statistics, Q4 2016 to Q3 2017.

In 2016–17, the Wales Office was the most responsive department, although it received fewer requests for information than any other department. The Department of Health (DH) was a close second, despite the high volume of requests it received.

Government departments receive a considerably higher volume of ministerial correspondence – a total of 137,427 items in 2016–17 – than parliamentary questions or Freedom of Information requests (Fols) but departments were generally slower at responding to this kind of request.<sup>2</sup> The Home Office (HO) received more than any other department – more than twice as many as Work and Pensions (DWP), which had the second-largest mailbag – with the majority of HO requests going to UK Visas and Immigration. Both departments have a good response rate – 92% for HO and 89% for DWP. DH received the greatest amount of correspondence directly (not through any affiliated public bodies) and has a high response rate: 94%, in line in 2016 (with an average of 96% since 2010).

Departments received 32,951 Fol requests between September 2016 and September 2017.<sup>3</sup> As usual, four – DWP, the ministries of Defence and Justice (MoD, MoJ) and HO – received more than any others, collectively receiving over half of total requests. Departments can be subject to special monitoring by the Information Commissioner’s Office if their response timeliness falls below 85%. Over the past year, the departments of International Trade (DIT), Business, Energy and Industrial Strategy (BEIS) and the DCLG have all fallen below this target for at least two quarters, with DCLG having the worst response rate overall (averaging 67%). The DfT and the Treasury (HMT) have not fallen below the 85% threshold at any point since 2010.

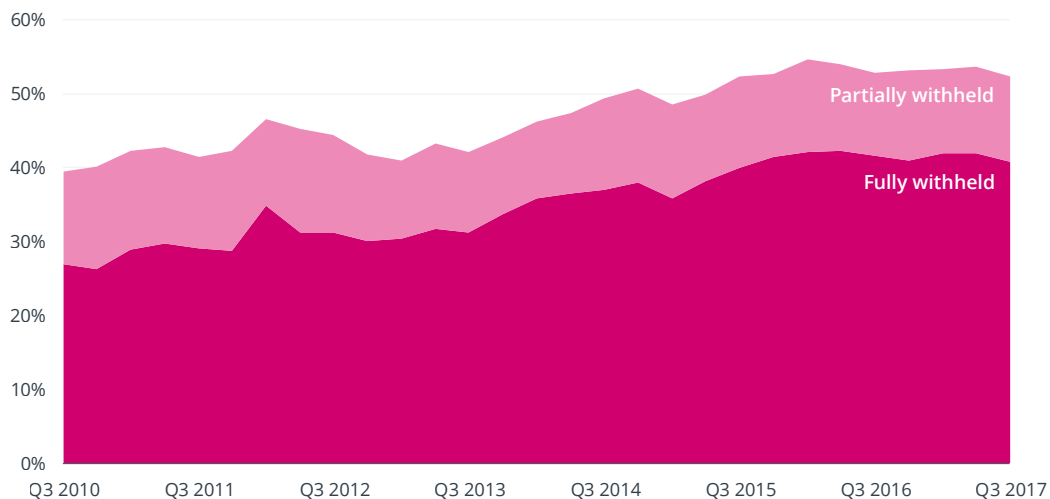


Departments dealt with 34,193 written parliamentary questions in the 2016–17 session. On average, 83% of parliamentary questions were answered within target, a decline from 90% in 2015–16. Four departments answered 100% of their parliamentary questions within the target time: DH, MoD, DfT and the Scotland Office. Meanwhile the department with the lowest timeliness score was DfE, answering only 69% on time.

The Wales Office, DH, and the Department for International Development (DfID) have maintained their high responsiveness rankings, but 2016–17 saw improved performances from DfT and MoD. Conversely some departments continue to perform poorly, such as DCLG (which came joint last), DfE and MoJ. The responsiveness of the new departments is also noticeably poor – with DExEU in 12th, DIT in 17th and BEIS joint last (worse than its ancestor departments BIS and DECC).

## Government is withholding more information in response to Freedom of Information requests

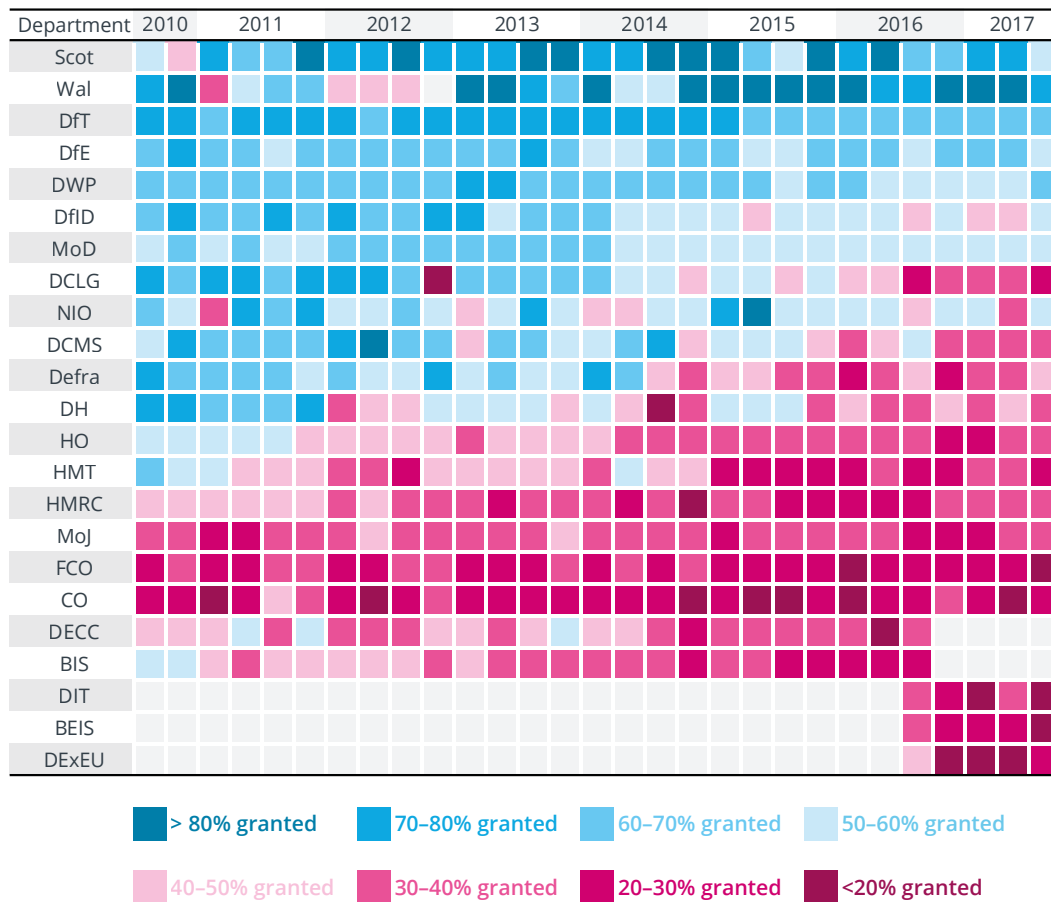
Figure 7.2 **Percentage of Freedom of Information requests withheld by government departments, Q3 2010 to Q3 2017**



Source: Institute for Government analysis of Cabinet Office/Ministry of Justice, Government Fol Statistics, Q3 2010 to Q3 2017. Resolvable requests with known outcomes only.

Since 2010, departments have become less open in response to Fol requests. In Q3 2010, 39% of requests were fully or partially withheld; this had increased to 52% by Q3 2017. Departments are able to refuse requests on a number of grounds: if the request falls under one of the 23 exemptions in the Freedom of Information Act 2000 (such as national security or personal information) or those in the Environmental Information Regulations; if it breaches the limit for the cost involved in responding (£600 for central departments and Parliament); if the request is repeated; or if the request is 'vexatious' (meaning it is likely 'to cause a disproportionate or unjustifiable level of distress, disruption or irritation').<sup>4</sup> Of the 2,342 requests withheld in full in Q3 2017, 50% were due to Fol Act exemptions, 47% to cost, 2% to repetition and 1% to vexatiousness.

Figure 7.3 **Percentage of Freedom of Information requests granted in full, by department, Q3 2010 to Q3 2017**



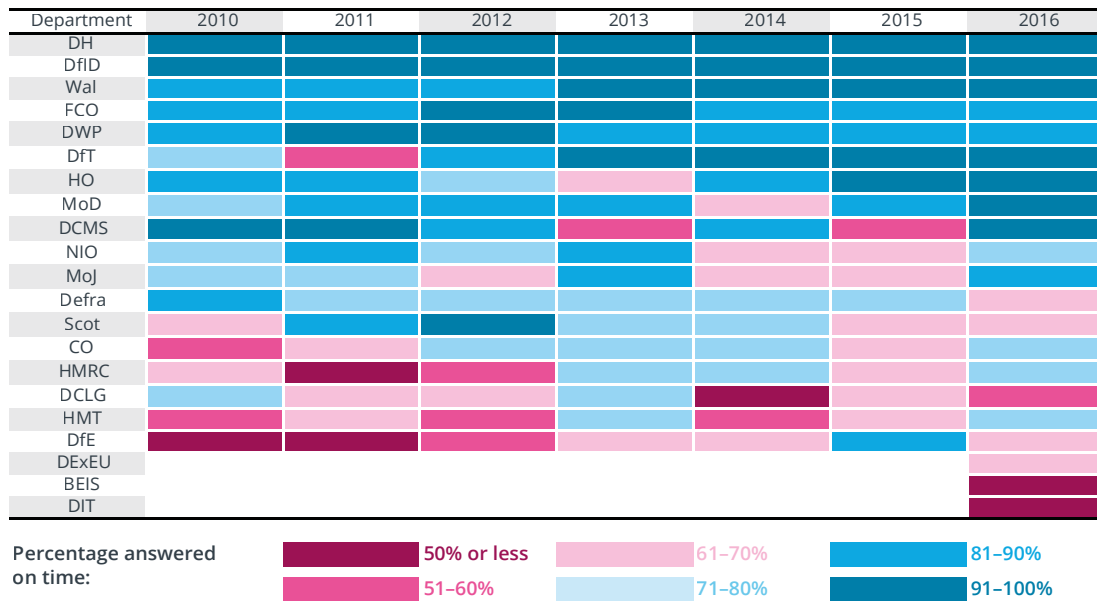
Source: Institute for Government analysis of Cabinet Office/Ministry of Justice, Government Fol Statistics, Q3 2010 to Q3 2017.

Some departments are more open than others: the Scotland Office, Wales Office and DfT tend to grant more requests in full. Among the more opaque are several departments regularly granting fewer than 30% of requests, particularly since 2015, including the Cabinet Office, Foreign and Commonwealth Office (FCO), the Treasury, HM Revenue and Customs (HMRC) and MoJ.

Meanwhile, none of the departments created in July 2016 – DExEU, DIT and BEIS – has ever granted even half of its total requests in full. In the three quarters leading up to Q3 2017, DExEU was the least likely of all departments to comply with Fol requests, respectively answering 18%, 10% and 15% in full. It also refused a higher percentage because they were vexatious than any other department in Q2 2017; 14% of requests. DExEU’s lack of transparency here, and its tardy responses to other requests for information (though not on Fol, where it is the sixth most responsive department), are consistent with its wider reluctance to release information, including the Government’s assessments of the anticipated impact of Brexit on different parts of the UK economy.

## Timeliness of ministerial correspondence is rising, but there are fewer requests and easier targets

Figure 7.4 Percentage of ministerial correspondence answered within target response time, by department, 2010–16



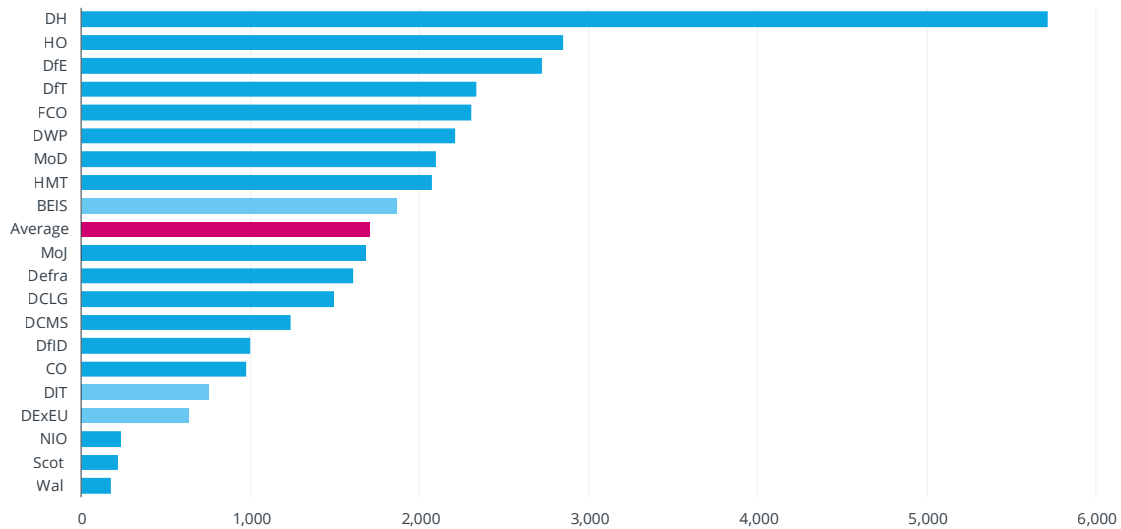
Source: Institute for Government analysis of ministerial correspondence reports, 2010–16 ('department' includes managed public bodies).

Between 2010 and 2016, the percentage of correspondence answered on time across all of government rose from 78.2% to 84.3%. However, this was as the volume of correspondence decreased by a third, and the average response target time (departments get to set their own) rose from 14.8 to 15.6 days. Over this period, three departments – DH, DfID and the Wales Office – answered over 90% of their correspondence on time. Another six – DWP, FCO, DfT, HO, MoD and Digital, Culture, Media and Sport (DCMS) – answered over 80% on time. The worst performers have been the Treasury and DfE, with averages of 62% and 59% (although it should be noted that DfE has improved considerably, from 42% in 2010 to 63% in 2017).

In 2016, the Wales Office answered 100% of correspondence on time, while two of the new departments were the worst performers. BEIS and DIT failed to respond to more than half of correspondence on time. Although DExEU met its target response time on 68% of occasions, it was one of only five departments (the others being FCO, DfT, DCMS and MoD) to give itself the maximum 20 days to respond, making this a relatively poor performance.

## The Department of Health receives the greatest number of parliamentary questions

Figure 7.5 Volume of parliamentary questions by government department, 2016–17



Source: Institute for Government analysis of Procedure Committee, Written Parliamentary questions: progress report for Session 2016–17, December 2017. Departments only created in July 2016 shown in lighter shade of blue.

In the 2016–17 session there were 35,267 parliamentary questions, a slight drop from 37,401 in 2015–16. At 5,716, DH by far received the most, a slight increase from 5,526 in 2015–16, and more than double the second highest department, the Home Office, with 2,852. Meanwhile, the territorial offices received the least amount of questions, with none receiving more than 250. The average department received around 1,710 parliamentary questions over the parliamentary period. BEIS, DIT and DExEU only came into existence in July 2016, and therefore may have recorded slightly fewer questions over the session as a result.

## Parliament is demanding more information from government

Figure 7.6 House of Commons urgent questions granted per parliamentary sitting day, 1997–98 to 2016–17



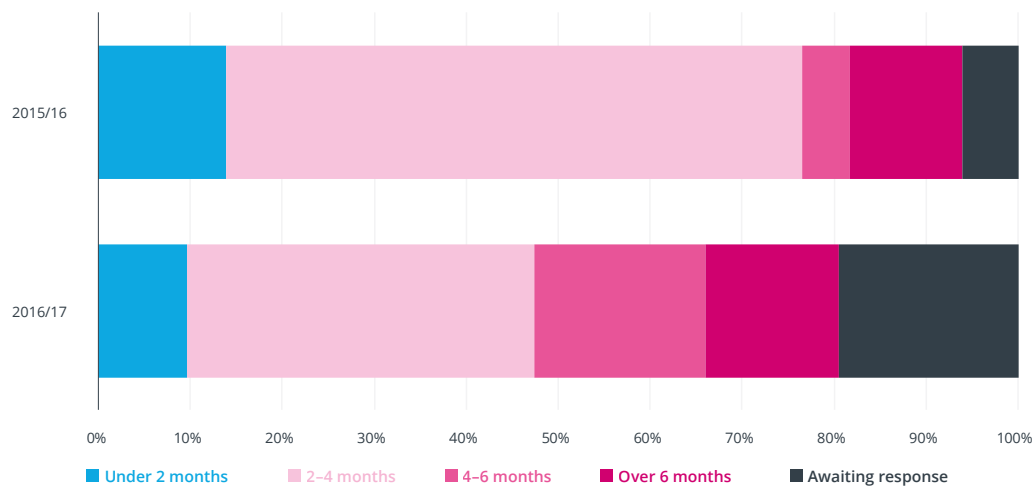
Source: Institute for Government analysis of House of Commons Sessional Returns, 1997–98 to 2016–17.

Although written parliamentary questions are the most voluminous way by which MPs question ministers, there are other ways for MPs to request information from them.

Urgent questions (UQs) allow any MP to petition the Speaker of the House of Commons to demand that a minister comes to Parliament to answer questions on a matter that has suddenly arisen. Recent topics have included the publication of Brexit impact assessments, the humanitarian crisis in Yemen, and the alleged tax avoidance and evasion revealed in the Paradise Papers. As Speaker, John Bercow has been more willing than his predecessors to grant requests for UQs, seeing them as an important tool to 'revive the chamber' and scrutinise the Government.<sup>5</sup> Since his election in June 2009, there has been a notable jump in UQs, from the equivalent of one every 13 days Parliament sat in 2008–09, to one every six days in 2009–10. The number of questions hovered around this level throughout the Coalition, before increasing significantly again following the 2015 general election: there were 77 in 2015–16 and 74 in 2016–17 (equivalent to one UQ every two days Parliament sat). In 2016/17, one third of all urgent questions related to HO or FCO; HO was also the most common department for urgent questions in 2015–16 (around 20%). Although finding historical parliamentary data on the subject is difficult, it appears that Bercow has exceeded post-war records for granting urgent questions.<sup>6</sup>

Select committees are another important source of scrutiny, but over the past year much useful committee activity was cut off mid-stream. The announcement of the early general election resulted in unfinished inquiries and a flurry of activity as 45 committee reports were rushed to publication in the three weeks before Parliament was dissolved.<sup>7</sup>

Figure 7.7 **Percentage breakdown of time taken to respond to select committee reports, 2015–16 and 2016–17**

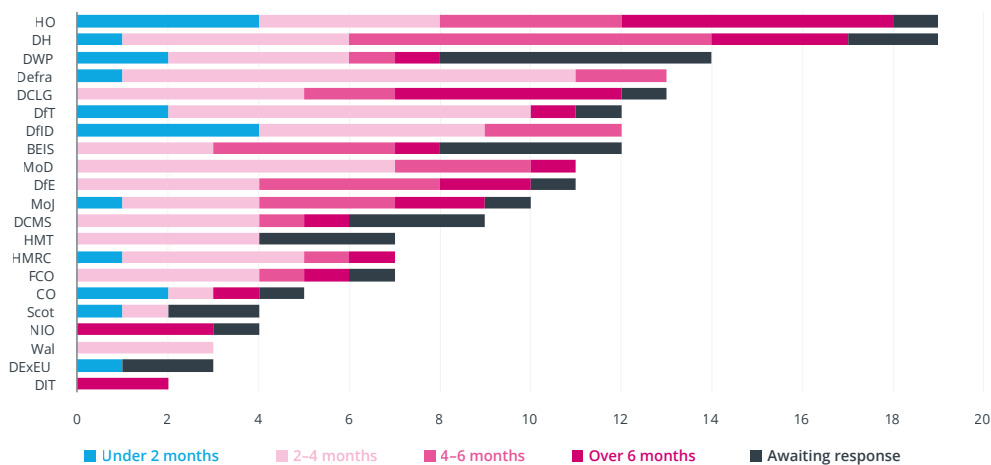


Source: Institute for Government analysis of published select committee reports and department responses, 2015–17.

Where possible, government should respond to select committee reports within two months.<sup>8</sup> In the 2015–16 session, the Government responded to 14% of reports within 62 days – in 2016–17 this had slightly decreased, to 10%. One explanation for this decline is that the number of reports more than doubled, from 115 in 2015–16 to 267 in 2016–17, suggesting departments were not keeping pace with increasing scrutiny.

At the beginning of 2018, nearly one fifth of all reports were still awaiting a response. Between 2015–16 and 2016–17, the percentage of inquiries answered after six months or not at all has nearly doubled, from 18% to 34%. One explanation for delays in departments' responses is the disruption of the committee process caused by the early election. Re-establishing committees after the election took considerable time; for example, the Intelligence and Security Committee only elected its chair in November. Departments were not able to respond to committees which did not exist. Furthermore, the early election meant that 18% of 2016–17 reports were published in a three-week window, creating a dense workload for departments to manage.

Figure 7.8 **Number of select committee reports directed to a department and time taken to reply, 2016–17**



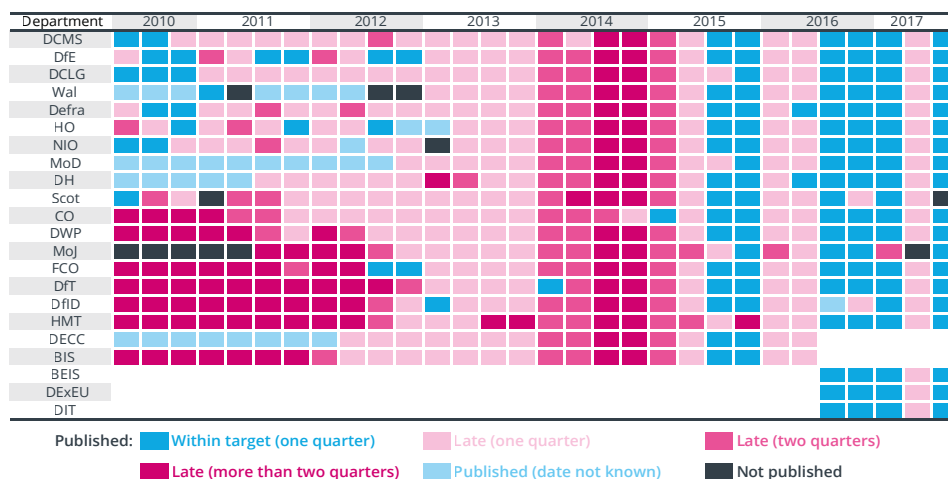
Source: Institute for Government analysis of published Select Committee reports and department responses, 2016–17.

In 2016–17, 197 select committee reports were addressed specifically to a department. DH and HO received the greatest number of reports (19 each). Conversely, DIT received the lowest, with two reports. At 40%, the Cabinet Office responded to the greatest percentage of 2016–17 inquiries within the two month target, while 10 departments did not respond to any inquiries within that time.

## Publication of open data releases remains patchy

Communication and transparency is not just about responding to requests, but proactively publishing information. In 2010, then-Prime Minister David Cameron committed the Coalition to making government more open and more accountable, by mandating that departments should regularly release important financial and organisational data. This included the meetings attended, travel conducted and hospitality and gifts received by ministers (quarterly, one quarter in arrears), spending items over £25,000 (monthly, by the end of the following month), and organograms of internal organisation (a 31 March snapshot to be published by 6 June, and a 30 September snapshot to be published by 6 December).<sup>9</sup> Departments' records in meeting these commitments have been mixed over the last year.

Figure 7.9 **Publication of travel, meetings, gifts and hospitality data for ministers, 2010–17**

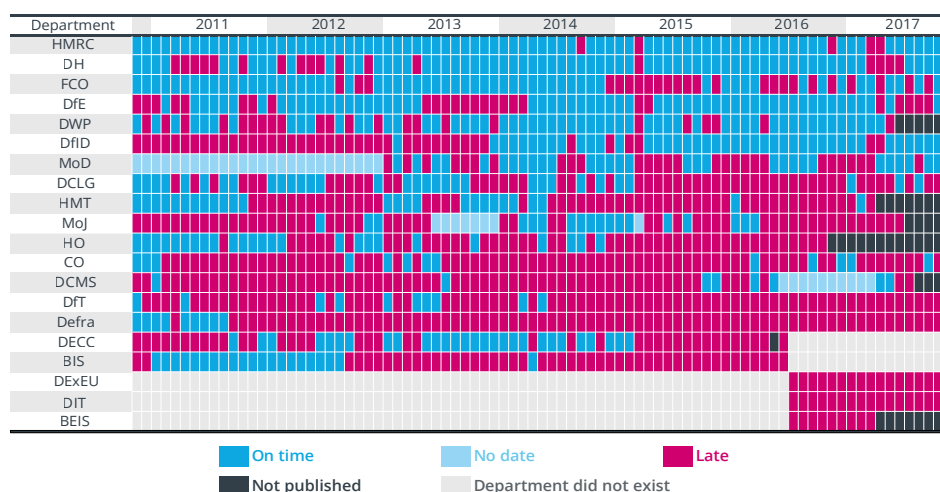


Source: Institute for Government analysis of Transparency International UK, collation of departmental travel, meetings, gifts and hospitality releases published on GOV.UK.

Departments’ publication of travel, meetings, gifts and hospitality – now collated for the first time by Transparency International UK – has improved decisively since 2010, when publication was incredibly patchy.<sup>10</sup> This improvement has been gradual, with the exceptions of drop-offs in publication in 2014, Q1 and Q2 2016, and Q3 2017 (possibly the result of ‘purdah’ rules around the Scottish Independence Referendum, the EU Referendum and the 2017 general election). All departments except for the Scotland Office successfully published their hospitality data on time in Q3 2017.

For some departments – FCO, DfID, DfT, MoJ and the Treasury – this recent performance is a significant improvement from previous years. Although departments are now consistently publishing these releases on time, they could be published more quickly; data on spending over £25,000 and organograms both have more ambitious targets. Some meetings will not be disclosed for nearly six months after they take place.

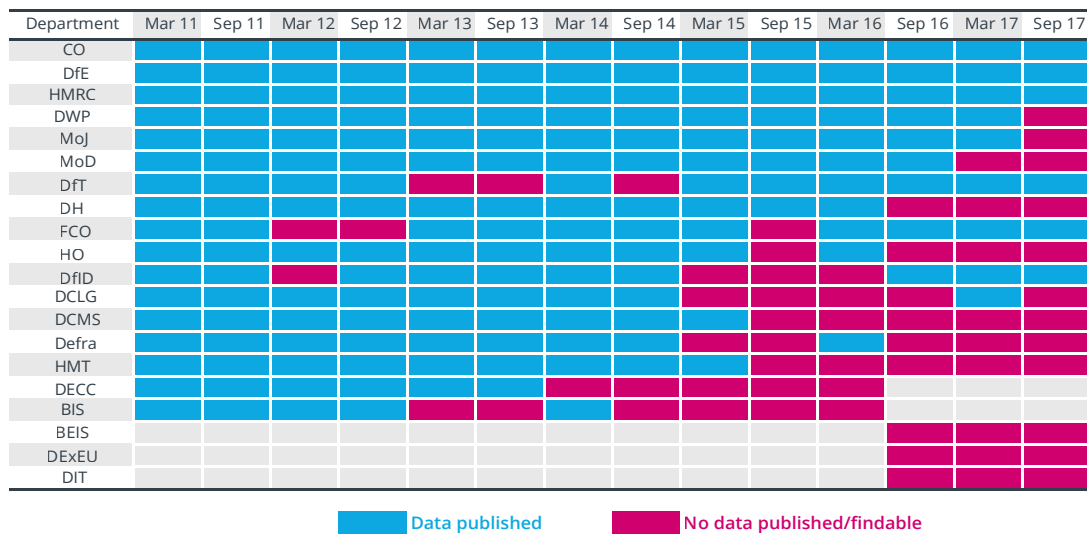
Figure 7.10 **Departmental publication of £25,000 spend, November 2010 to November 2017**



Source: Institute for Government analysis of data.gov.uk and GOV.UK, monthly spend over £25,000, 2010–17. BEIS spending for July 2016 was recorded as spending by its predecessor, the Department for Business, Innovation and Skills (BIS).

Publication of spending over £25,000 has historically been poor, with the Cabinet Office (CO), DCMS, DfT and the Department for Environment, Food and Rural Affairs (Defra) publishing late. Departments such as HMRC, FCO, DH and DfE generally publish on time. Between December 2016 and November 2017, only 29% of monthly releases were published on time – 46% were late, and 23% were not published at all. HMRC and DfID both performed well, with 10 out of 12 publications on time, while DH, FCO and DfE also managed to get the majority of their publications out on time. Seven departments (BEIS, Defra, DExEU, DfT, DIT, HO and MoJ) failed to publish a single record on time; worst performing was HO, which published no data for this period. The DWP also performed poorly – not publishing data on six occasions – having previously had a strong record.

Figure 7.11 **Publication of departmental organogram data releases, 2011–17**



Source: Institute for Government analysis of data.gov.uk and GOV.UK, publications of departmental organograms, 2011–17, as of 8 January 2018.

Publication of organogram data – containing vital management information about departmental structures, employees, their pay and seniority – has become increasingly patchy in the past few years. For March 2011, all departments published some form of data – for September 2017, only six have. Most significantly, DCMS and HMT have not published organograms since March 2015, and the three new departments have not yet published any at all (although DExEU has published a few ‘senior team organogram’ diagrams).<sup>11</sup>

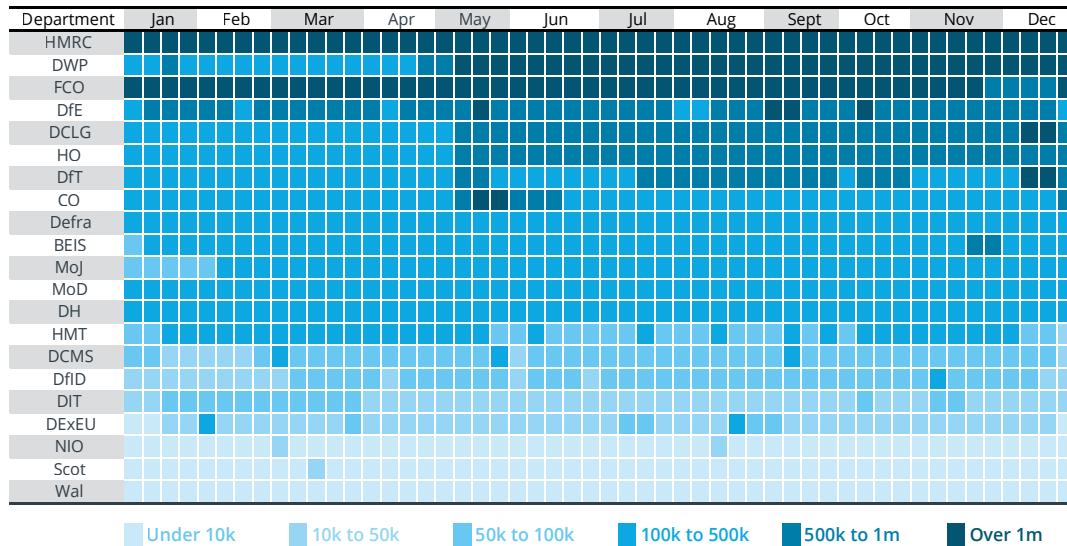
The failure to publish this data suggests departments themselves are not using it. Indeed, the Institute for Government hosted a ‘hack day’ on organogram data in July 2017 precisely because many departments saw organogram publication as a tick-box transparency exercise and were not aware of the value they could obtain from the data contained in the releases.<sup>12</sup>



## More people are using GOV.UK, but use and publication varies by department

Departments, of course, publish a lot more than data releases, most of it going on GOV.UK, launched in 2012 to act as a single government website. Users of the site have increased fourfold since its launch, to a weekly average of 13 million across 2017 (with the busiest week, 27 March to 2 April, recording over 15 million users).

Figure 7.12 **Departmental page views on GOV.UK, 2017**

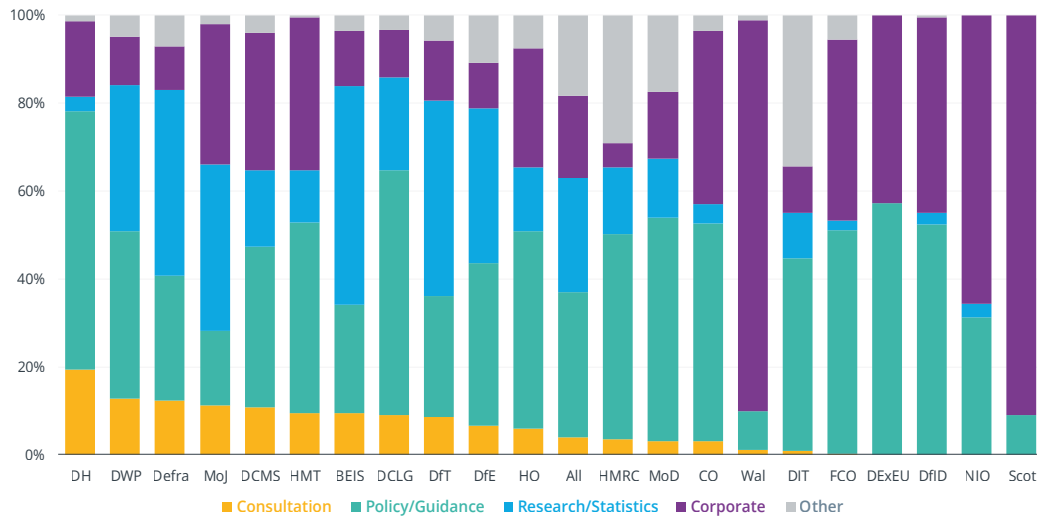


Source: Institute for Government analysis of GOV.UK analytics.

Of all departments on GOV.UK, HMRC and its associated pages were by far the most viewed in 2017, with 378 million views in 2017 (reaching 10.7 million in its busiest week). DWP was the second most viewed (at 142.5 million). Meanwhile none of the territorial offices exceeded 0.25 million views in 2017, and DExEU was the least viewed central department at 1.7 million. These figures reflect how directly different departments deal with the public – while HMRC, DWP and FCO handle tax, benefits and travel advice, DExEU is more Whitehall-focused.

As well as seeing how the public is using GOV.UK, we can get a sense of how departments use it. At the close of 2017 there were over 107,000 'publications' on GOV.UK, of which nearly a fifth were published that year. The department with the greatest all-time number of publications is HMRC (with over 6,000 publications), followed by FCO and the HO. The territorial offices and new departments have the fewest – with DExEU (at 70) especially low (even in light of its short history). In 2017 only HMRC and FCO published more than 1,000 items, while four departments published less than 100 – the territorial offices and DExEU.

Figure 7.13 Type of publication on GOV.UK by department, 2017



Source: Institute for Government analysis of GOV.UK analytics.

So what is being published? In 2017 about a third of new GOV.UK publications related to policy or guidance, just over a quarter to research and statistics, and nearly a fifth to corporate responsibilities (which includes FoI releases and 'transparency data'). The most infrequent type of publication was consultations, which made up only 4% of total items. DH made the greatest use of consultations (19% of its publications). Policy and guidance largely dominated content, making up over half of all publications for six departments (DCLG, DExEU, DfID, DH, FCO and MoD). There was significant variety in research/statistics (which made up a third of content for BEIS, Defra, DfE, DfT, DWP and MoJ), but less than 10% for eight other departments). None of DExEU's 70 publications are consultations or statistics.

This gives a very high-level view of how departments are using GOV.UK and the different nature of the work they do. Further information on individual services can be found via the Government's Performance Platform.<sup>13</sup> In October 2016, the Government Digital Service (GDS) announced a rethink of the way the platform worked.<sup>14</sup> Although data for some services is out of date, for others – such as vehicle tax renewals (run by the Driver and Vehicle Licensing Agency within DfT) – there is much more recent information.<sup>15</sup> Further transparency about these numbers would offer useful feedback to government about the services it is providing, and help to fulfil GDS's commitment to put users first.<sup>16</sup>



## 8 Measuring performance

The early election left departments unsure about their priorities. It also delayed attempts to improve how government measures its own performance; the new Single Departmental Plans are an improvement but could still be more focused. While the British public have become more dissatisfied with how the Government is running the country since the election, international rankings suggest the UK compares relatively well to others.

There are a number of ways of thinking about government 'performance'.

First, we can use our own objective measures, as this report does in relation to Whitehall and our *Performance Tracker* does in relation to public services.

Second, we can use government's own measures – at present, Single Departmental Plans. The original set from February 2016 did not prioritise enough or make performance indicators sufficiently accessible. They were not (on the whole) updated to take account of Brexit. Although the early election in June 2017 delayed a significant revision, the Government has now published revised plans. These show greater focus, more consistency and include some performance indicators. Nonetheless, they could still be improved further.

Third, we can (theoretically) measure what the public thinks. Although polling what the public thinks about this is difficult – political views are hard to separate from objective views on performance – Ipsos MORI polling shows that dissatisfaction with government has increased since the 2017 election.

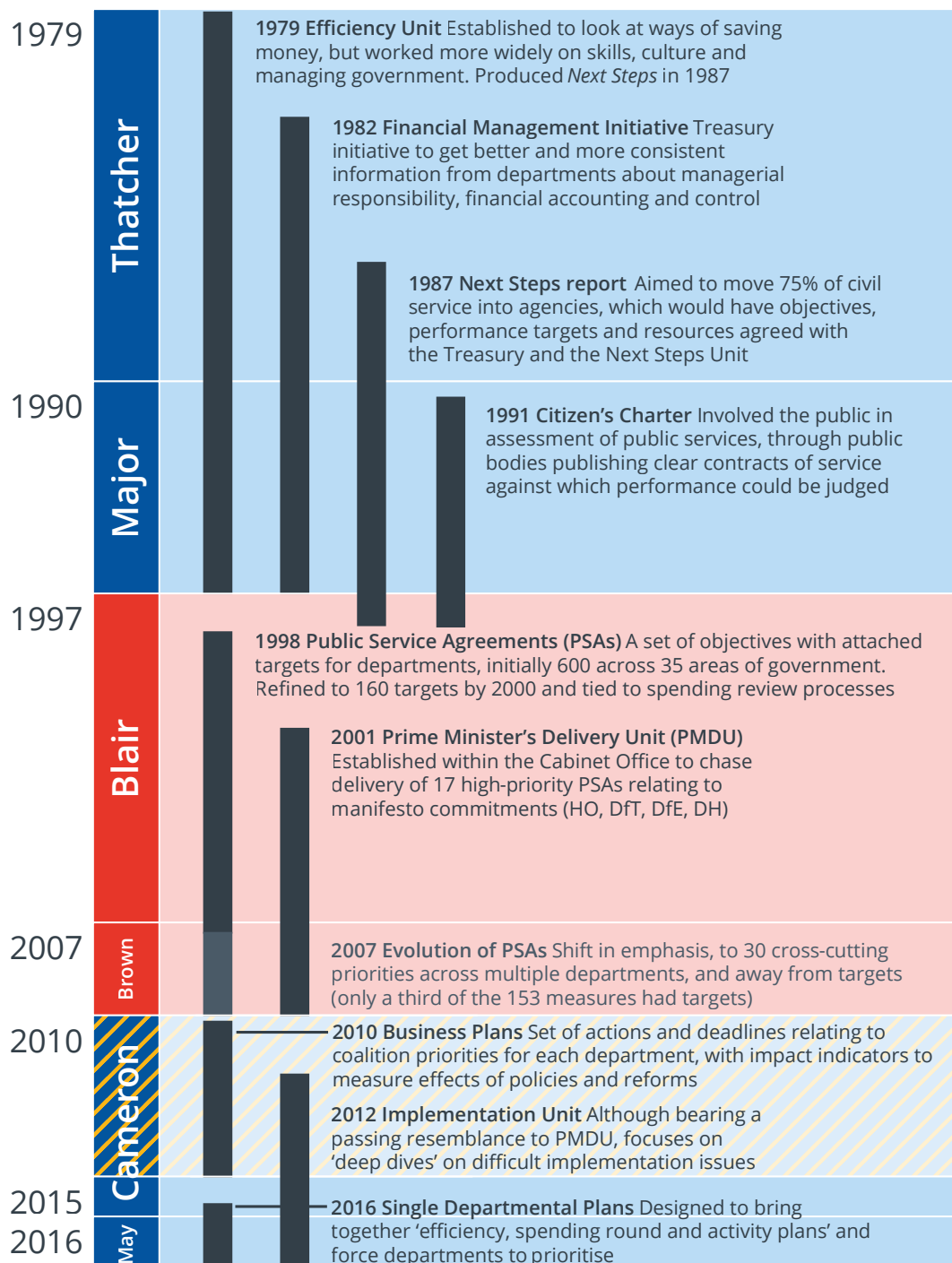
Finally, we can see how the UK civil service performs compared to others internationally. The pilot International Civil Service Effectiveness (InCiSE) index placed the UK fourth out of 31 countries, behind Canada, New Zealand and Australia. But it could still improve on a number of measures, especially digital services and integrity.

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# The UK has tried various ways of measuring performance across government

Figure 8.1 Selected cross-government performance initiatives since 1979



Source: Institute for Government research.

Governments need a sense of what objectives they are trying to achieve, a plan for how and with what resources they are going to achieve them, and indicators telling them how well they are doing in meeting (or not meeting) them.

Since 1979, UK governments have tried a variety of cross-government performance regimes. In recent decades, the UK has been seen as a world leader, from Labour's Public Service Agreements (1998) and Prime Minister's Delivery Unit (2001), widely

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emulated internationally<sup>1</sup> to the Coalition's Departmental Business Plans (2010). The latter were a promising step forward in making government transparent and accountable to the public, even if they ran out of steam in the second half of the parliament and the data they contained were not as consistent, accessible or usable they might have been.<sup>2</sup> The National Audit Office has argued that, while a number of these systems have included good elements, the UK should aim to set up an enduring performance system that could survive changes in administration.<sup>3</sup>

Following the 2015 general election, the civil service set to work on Single Departmental Plans (SDPs). According to the civil service chief executive, John Manzoni, they were designed to bring together inputs (aligned with the Spending Review) and outputs, and 'prioritise effectively based on a clear understanding of how our resources can best be deployed. There [would] be no room for "nice to haves"'.<sup>4</sup>

Unfortunately, for all the hard work of civil servants in getting SDPs finished, ministers did not prioritise enough. When the SDPs were first published in February 2016, seven departments had more than 60 'priorities' (including Theresa May's Home Office). Even worse, many of these were so unspecific that it would have been impossible to understand whether the department in question had achieved them or not; how, for example, would we know if the Foreign Office has successfully '[stood] up to Russian aggression whilst engaging and working with Russia where necessary'?

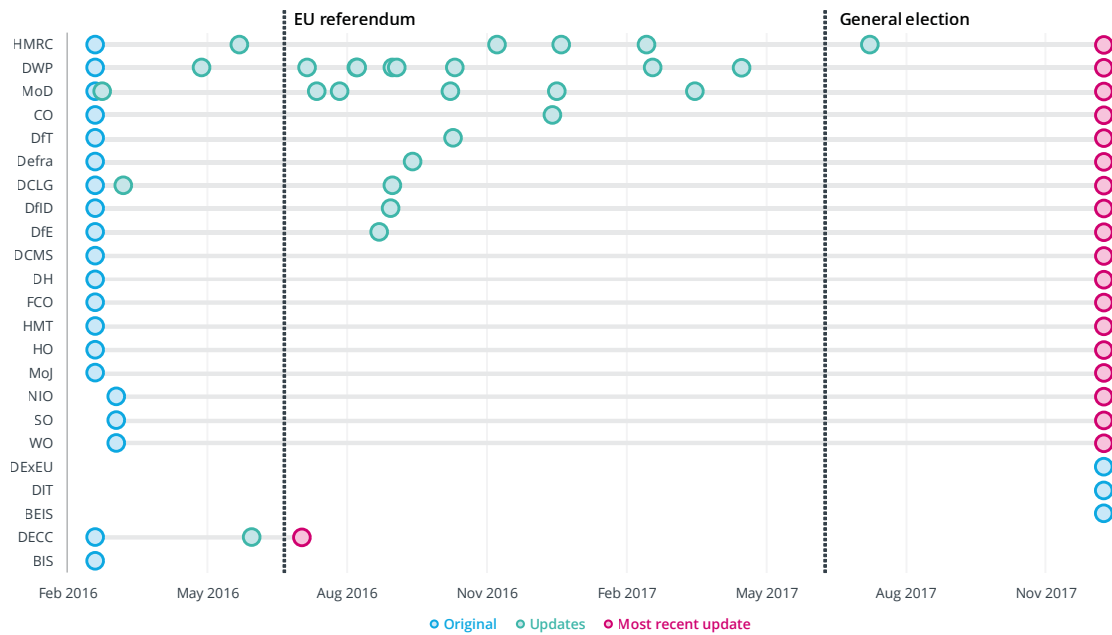
The initial plans were met with scepticism but the hope that they could be improved:

- We concluded they gave 'no sense of ministerial priorities' and were of 'no use either to civil servants trying to implement the Government's agenda or to the public trying to hold them to account'<sup>5</sup>.
- The Public Administration and Constitutional Affairs Committee (PACAC) described the published versions of the plans as 'not sufficient for accountability purposes. They contain too little detail on either spending or performance',<sup>6</sup> although it hoped the framework would, with improvements, 'last for the long term'.<sup>7</sup>
- The National Audit Office found the SDPs 'do not provide all the public accountability the Government said they would' and 'do not meet the Government's stated aim to be "the most transparent government ever"', although it hoped 'the considerable time and energy' the civil service put into them and into learning from past lessons would not be wasted.<sup>8</sup>
- The Public Accounts Committee (PAC) welcomed the SDPs as 'an important step forward' but acknowledged 'their effectiveness has not yet been tested' and that further development was necessary to improve 'the information that Parliament and the public can access to understand government's plans and to see how it is performing'.<sup>9</sup>

In its response to the PAC, the Government said it would publish refreshed plans, alongside more details of how the planning process worked and links to performance indicators, in June 2017.<sup>10</sup>

## The early election delayed updates to the Single Departmental Plans...

Figure 8.2 Publication of Single Departmental Plans



Source: Institute for Government analysis of page history information on GOV.UK, Single Departmental Plans, as of 14 December 2017.

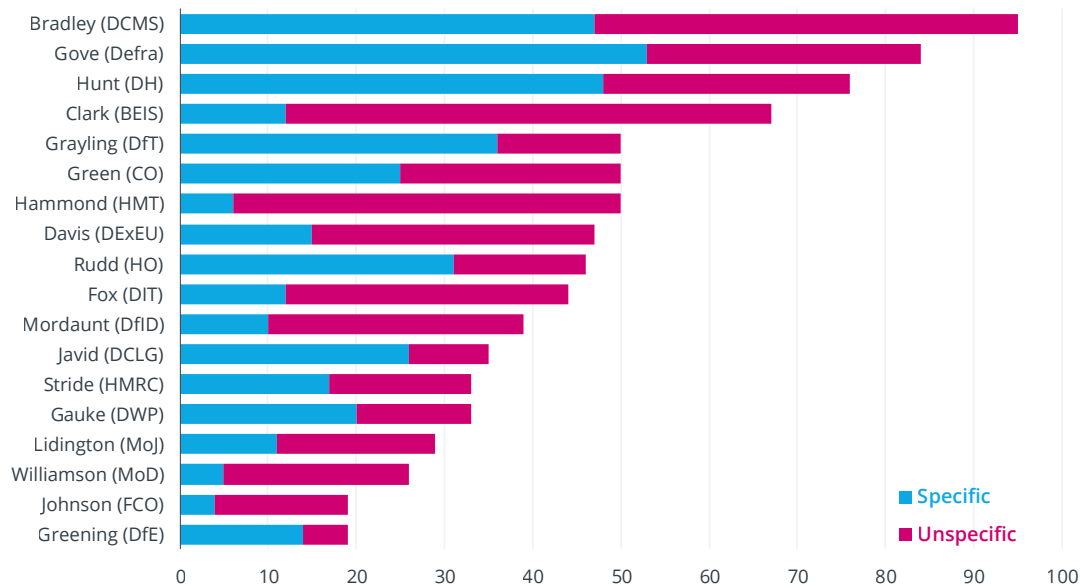
Unfortunately, the planned June 2017 updates did not happen; a general election took place instead. The Conservative manifesto was the second longest since 1945 (after 2015), giving the Government the challenge of prioritising new promises as well as those in the existing SDPs.<sup>11</sup>

The December 2017 update was much needed. Before that, only one department, HM Revenue and Customs, had updated its plan since the election in June 2017. Only eight others had made any revisions since the June 2016 referendum. There were no published plans for the three departments – DExEU, DIT and BEIS – which were created in July 2016 when Theresa May became Prime Minister. The HO plan still noted that changes to free movement and EU workers’ access to benefits were ‘being pursued as part of the EU renegotiation’.<sup>12</sup>

The Government intended SDPs to effectively become the performance objectives for permanent secretaries, replacing previous Permanent Secretary Objectives;<sup>13</sup> these have not been updated since the 2015–16 objectives were published in February 2016.

## ...the new Single Departmental Plans are much improved but could still be more focused

Figure 8.3: Priorities identified in Single Departmental Plans, 14 December 2017



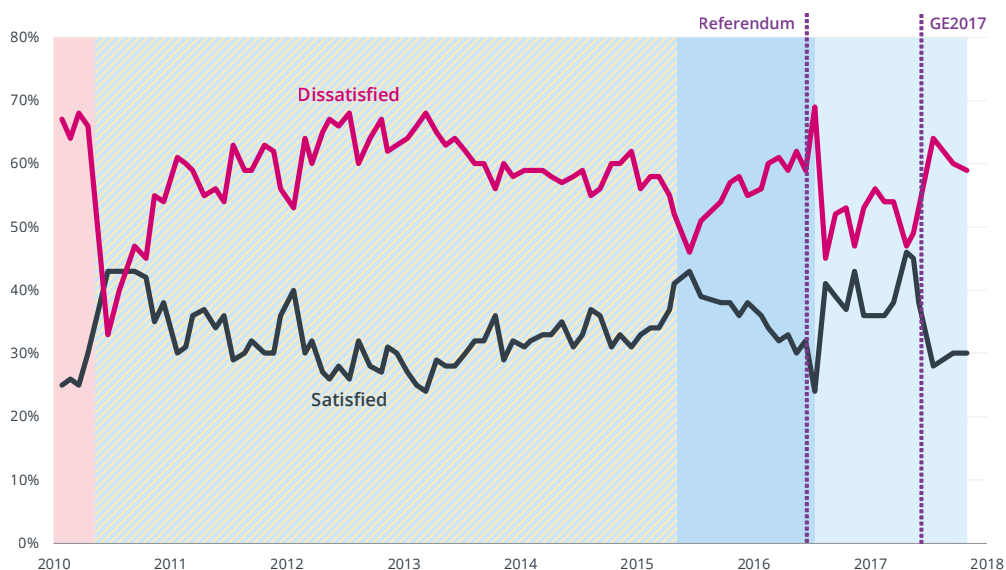
Source: Institute for Government analysis of GOV.UK, Single Departmental Plans, as published on 14 December 2017 (indicative)

The SDPs published in December 2017 were a significant improvement on their predecessors, with a greater sense of prioritisation, a more consistent and useful format, and some performance indicators.<sup>14</sup> There were also some cross-government objectives like 'Get[ting] the best Brexit deal for Britain' and 'Tackl[ing] the injustices that hold people back'. The 939 priorities we counted in February 2016 had fallen to 842 in December 2017, even though an extra department had been added. Some departments are much more focused. The DfE for example, has top-level objectives to 'close the word gap' and 'close the attainment gap'.

But there are more improvements that should be made. There are still too many priorities: DCMS has more than 90. Many of the priorities remain unspecific – the 'Russian aggression' priority of the FCO survives. Some of the data used to judge performance against the priorities could be better quality – the HO admits there are problems with crime data, but uses it anyway. And the SDPs should link priorities with both spending and workforce strategy (does the Government have the right people in place with the requisite skills and experience to achieve its objectives?). These changes would make the SDPs even more useful, helping departments to use their resources more effectively and increasing their accountability to Parliament and to the public.

## Public dissatisfaction with Theresa May's Government is higher since the early election

Figure 8.4 'Are you satisfied or dissatisfied with the way the Government is running the country?'



Source: Institute for Government analysis of Ipsos MORI, *Political Monitor*, Jan 2010–Nov 2017. Background colours show Labour, Coalition, Cameron and May governments.

Measuring public views of government effectiveness can be difficult. There are few regular polls asking the public explicitly what they think about this, and respondents may be answering based on political views rather than an assessment of administrative effectiveness.<sup>15</sup>

One of the closest is Ipsos MORI's *Political Monitor* series, which has asked the public regularly since 1977 (and now roughly monthly), 'Are you satisfied or dissatisfied with the way the Government is running the country?'

Since January 2010, the highest recorded result for dissatisfaction with government came in July 2016, a fortnight after the referendum on leaving the EU and a few days before Theresa May became Prime Minister. Satisfaction then improved; the highest level since January 2010 came in April 2017, a few days after May announced her intention to seek an early election, and the second highest in the following month.

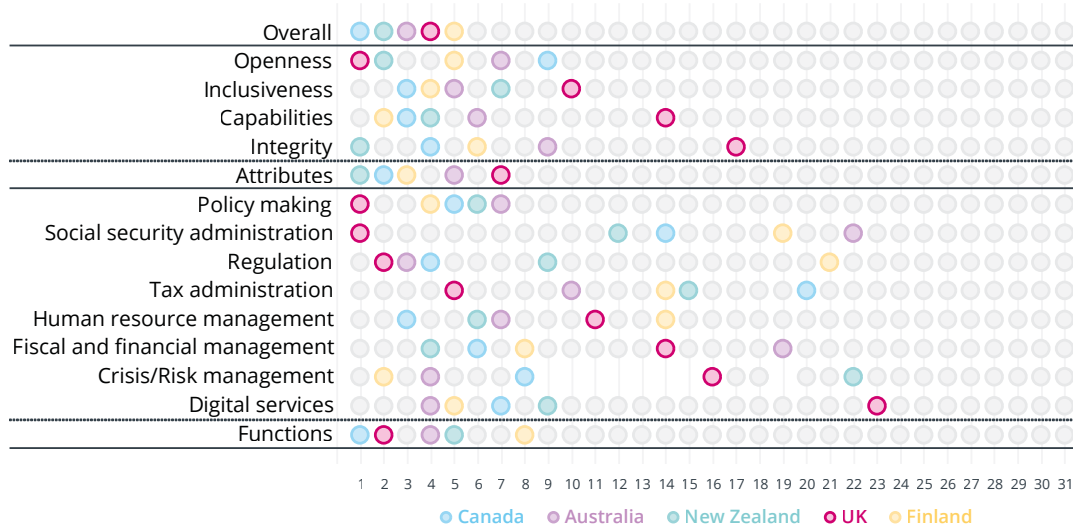
However, dissatisfaction rose and satisfaction fell sharply a few days before the general election on 8 June. The three highest scores for dissatisfaction with how Theresa May's Government was running the country (64% in July, 60% in September, 59% in November) came in the three polls following the election.

The British public might not have studied the workings of Whitehall and Westminster in detail; they may not have paid attention to SDPs or international comparisons; but their view of British government since the election is more negative than it was before.



## However, the UK still has one of the most effective civil services internationally

Figure 8.5 Country rankings in International Civil Service Effectiveness (InCiSE) index, 2017 – top five overall highlighted

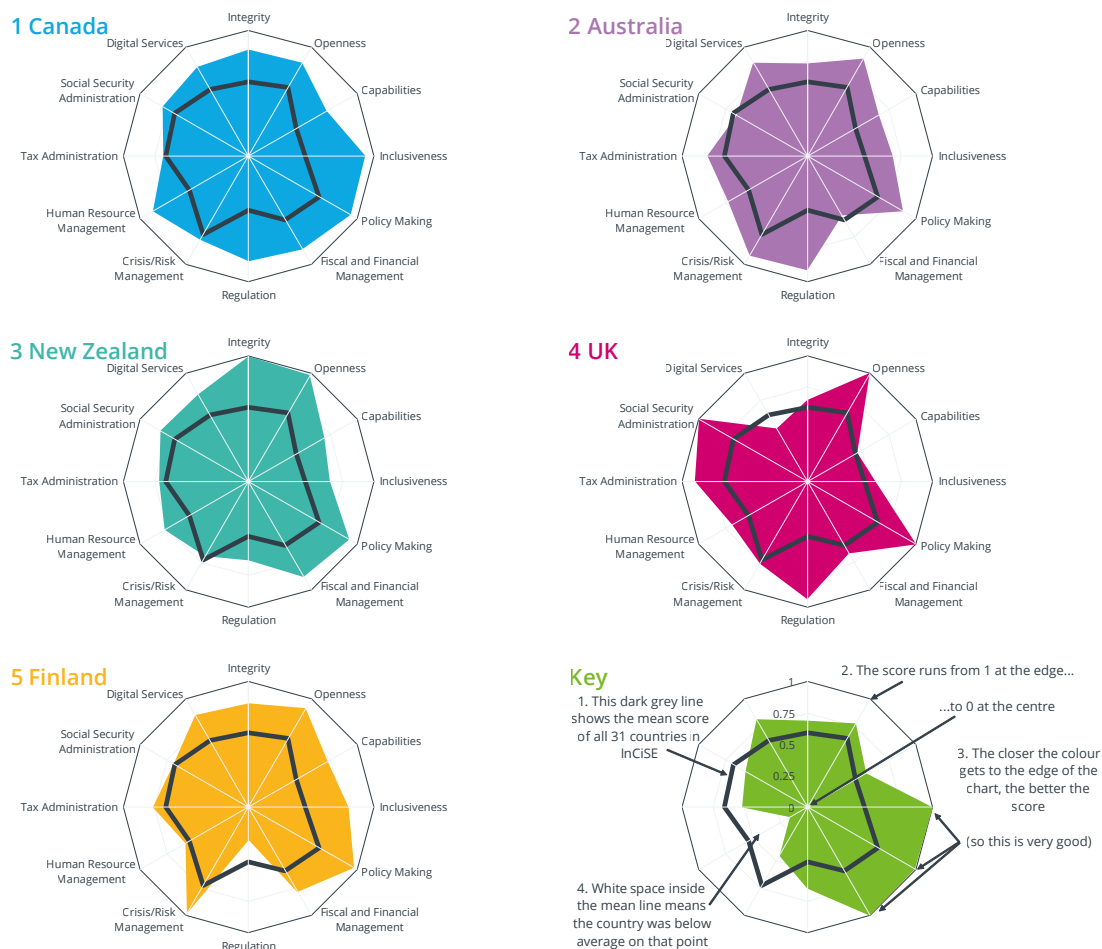


Source: Institute for Government analysis of InCiSE (a collaboration between the Institute for Government and Blavatnik School of Government, University of Oxford, supported by UK civil service and Open Society Foundations), July 2017.

The pilot International Civil Service Effectiveness (InCiSE) index was a collaboration between the Institute for Government and the Blavatnik School of Government at Oxford University, with support from the UK civil service and funding from the Open Society Foundations.<sup>16</sup> It pulls together a wealth of existing data to assess civil service performance, examining both 'core functions' (things that the civil service delivers, like policymaking, and fiscal and financial management) and 'attributes' (characteristics that can affect how those things are delivered, for example integrity and openness).

The pilot index, published in July 2017, ranked the UK fourth out of 31 civil services. Canada came top, followed by New Zealand and Australia, with Finland rounding out the top five. Estonia (seventh overall) comes top when results are adjusted for gross domestic product.

Figure 8.6 Scores of top five countries in International Civil Service Effectiveness (InCiSE) index, 2017



Source: Institute for Government analysis of InCiSE, July 2017.

The UK performed particularly well on core functions, ranking second overall despite falling below the average score on digital services.

It came seventh on core attributes, despite having the highest score on openness, scoring lower on integrity and capabilities.

Despite its relatively good performance, there are still areas where the UK civil service could learn from other countries. There will also always be room for improvement even where the UK performs well. For example, although the UK scores well on openness, more could be done on the quality of data publication and responses to requests for information, as this report demonstrates.<sup>17</sup>



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## 6 Delivering major projects, pages 81 to 91

The data behind the charts in this chapter comes from:

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The data behind the charts in this chapter comes from:

- Cabinet Office, [Freedom of Information statistics](#), published quarterly (most recently on 14 December 2017). Previously published by the Ministry of Justice
- House of Commons Procedure Committee, reports on written parliamentary question performance
- Cabinet Office, [written ministerial statements on ministerial correspondence](#), made annually
- House of Commons, [Sessional Returns](#)
- Select Committee reports and government responses, compiled from [parliament.uk](#)
- Transparency International UK's compilation of departmental hospitality releases, found on GOV.UK. These include details of meetings, hospitality and gifts declared by ministers, special advisers and senior officials (our analysis looks only at ministers) and are supposed to be published quarterly, a quarter in arrears. TI-UK will be launching a website soon. With thanks for further information from the Government Digital Service



- Releases of spend over £25,000 published by departments on GOV.UK and data.gov.uk, supposed to be published monthly by the end of the following month. With thanks for further information provided to us by the Government Digital Service and data.gov.uk
  - Organograms published by departments on GOV.UK and data.gov.uk, supposed to be published for 31 March (by 6 June) and for 30 September (by 6 December). With thanks for further information provided to us by the Government Digital Service
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  - 15 DVLA, *Dashboard: Vehicle tax renewals*, GOV.UK, last accessed 26 November 2017.
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## 8 Measuring performance, pages 105 to 112

The data behind the charts in this chapter comes from:

- Analysis of [Single Departmental Plans](#) published by government departments. The original analysis of priorities uses the original 19 February 2016 versions. Our analysis of when the plans were updated is based on the 'full page history' function on GOV.UK
  - The *International Civil Service Effectiveness (InCiSE) index*, the first annual report having been published on 6 July 2017. InCiSE is a collaboration between the Institute for Government and Blavatnik School of Government at Oxford University, with support from UK civil service and funding from the Open Society Foundations
  - Ipsos MORI, *Political Monitor*, satisfaction with government scores, 2010 to November 2017.
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  - 14 For more, see Freeguard, G., 'Single Departmental Plans have improved but they need to go further', Institute for Government, 2 January 2018.
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[International Civil Service Effectiveness Index \(InCiSE\)](#)
  - 17 On openness, see the Summary of this report and (e.g.) Freeguard, G., Andrews, E., Devine, D., Munro, R., and Randall, J., *Whitehall Monitor 2015: The Coalition in 163 charts*, Institute for Government, pp. 15–8.



# Methodology

## How we define departments (throughout)

Where possible, we group bodies into 'departmental groups' according to where ministerial responsibility lies, even when these are reported under a separate 'departmental' heading in the original data. For instance, we group Ofsted with DfE and not as a separate department.

We then make the following distinction within each departmental group:

- **Department** The core department and other bodies within the department that are line-managed within a structure that flows from the departmental leadership (for example, the HM Prison and Probation Service within MoJ, the Education and Skills Funding Agency within DfE).
- **Other organisations** Other bodies employing civil servants, like executive agencies and non-ministerial departments, for which ministers in the department have responsibility (e.g. Ofsted in DfE, DVLA in DfT), but which are not part of the department's line management structure.

This isn't always possible, and there are some other occasions where we don't attempt to do so:

- We apply our definition of 'department' in our analysis of staff numbers, grade, age, gender, ethnicity, disability, professions/specialisms and ministerial correspondence.
- We use the wider 'departmental group' in our analysis of location.
- We use the department as defined by the data producer on engagement, pay, major projects, Freedom of Information, spend over £25,000 and organograms.

In our analysis of government funding to public bodies (page 65), we exclude any bodies we consider to be part of the department, such as the Education and Skills Funding Agency.

| <b>Acronym</b> | <b>Department</b>  | <b>Other Organisations</b>  |
|----------------|--|---|
| <b>AGO</b>     | Attorney General's Office  | Crown Prosecution Service; Crown Prosecution Service Inspectorate; National Fraud Authority; Revenue and Customs Prosecution Office; Serious Fraud Office; Treasury Solicitor   |
| <b>BEIS</b>    | Department for Business, Energy and Industrial Strategy  | Advisory, Conciliation and Arbitration Service; Companies House; Competition and Markets Authority; HM Land Registry; Insolvency Service; Intellectual Property Office; Met Office; Office of Gas and Electricity Markets (Ofgem); Ordnance Survey; UK Space Agency   |
| <b>CO</b>      | Cabinet Office (excluding agencies)<br>Office of the Parliamentary Counsel   | Buying Solutions; Central Office of Information; Charity Commission; Crown Commercial Service; Government Procurement Service; National School of Government; UK Statistics Authority   |
| <b>DCLG</b>    | Department for Communities and Local Government  | Fire Service College; Planning Inspectorate; Queen Elizabeth II Conference Centre   |
| <b>DCMS</b>    | Department for Digital, Culture, Media and Sport   | Royal Parks; National Archives  |
| <b>Defra</b>   | Department for Environment, Food and Rural Affairs   | Animal and Plant Health Agency; Animal Health; Animal and Veterinary Laboratories Agency; Centre for Environment, Fisheries and Aquaculture Science; Food and Environment Research Agency; Government Decontamination Services; Marine Fisheries Agency; Ofwat; Rural Payments Agency; Veterinary Laboratories Agency; Veterinary Medicines Directorate |
| <b>DExEU</b>   | Department for Exiting the European Union  |   |
| <b>DfE</b>     | Department for Education<br>Education and Skills Funding Agency; Education Funding Agency; National College; National College for Teaching and Leadership; Standards and Testing Agency; Teaching Agency | Office of Qualifications and Examinations Regulation; Ofsted; Skills Funding Agency   |
| <b>DfID</b>    | Department for International Development   |   |
| <b>DfT</b>     | Department for Transport   | Driver and Vehicle Licensing Agency; Driver and Vehicle Standards Agency; Driving Standards Agency; Government Car and Despatch Agency; Highways Agency; Maritime and Coastguard Agency; Office of Rail Regulation; Vehicle and Operator Services Agency; Vehicle Certification Agency  |
| <b>DH</b>      | Department of Health (excluding agencies)  | Food Standards Agency; Meat Hygiene Service; Medicines and Healthcare Products Regulatory Agency; National Healthcare Purchasing and Supplies; NHS Business Services Authority; Public Health England   |
| <b>DIT</b>     | Department for International Trade   | Export Credits Guarantee Department/UK Export Finance (from Q3 2016)  |

|             |   |  |
|-------------|---|--|
| <b>DWP</b>  | Department for Work and Pensions<br>Child Maintenance and Enforcement Commission; DWP Corporate and Shared Services; Jobcentre Plus; Pensions & Disability Carers Services  | The Health and Safety Executive; The Rent Service  |
| <b>FCO</b>  | Foreign and Commonwealth Office (excluding agencies)  | Security and Intelligence Services; Wilton Park Executive Agency; Foreign and Commonwealth Office Services   |
| <b>HMRC</b> | HM Revenue and Customs  | Valuation Office   |
| <b>HMT</b>  | HM Treasury   | Asset Protection Agency; Debt Management Office; Government Actuary's Department; Government Internal Audit Agency; National Savings and Investments; Office for Budget Responsibility; Office for Government Commerce; OGC Buying Solutions; Royal Mint |
| <b>HO</b>   | Home Office (excluding agencies)<br>UK Border Agency  | Criminal Records Bureau; Her Majesty's Passport Office; Identity Passport Service; National Fraud Authority; National Crime Agency   |
| <b>MoD</b>  | Ministry of Defence<br>Defence Equipment and Support  | Defence Science and Technology Laboratory; Defence Support Group; UK Hydrographic Office; Meteorological Office  |
| <b>MoJ</b>  | Ministry of Justice (excluding agencies)<br>HM Courts and Tribunals Service; HM Courts Service; Legal Aid Agency; National Offender Management Service; Scotland Office (including Office of the Advocate General for Scotland); The Office of the Public Guardian; Tribunals Service; Wales Office | National Archives; UK Supreme Court; Criminal Injuries Compensation Authority  |
| <b>NIO</b>  | Northern Ireland Office   |  |

## Reshuffle analysis, pages 17 to 20

We consider a minister to have changed role if they move department, move rank (e.g. from parliamentary under-secretary of state to minister of state), or the policy areas their role covers substantially change or increase. Because our analysis tends to take place as a reshuffle is unfolding, ministerial responsibilities might occasionally change without us recording a minister as having changed role.

## Workforce analysis, pages 25 to 44

Numbers may not be exact, as the Office for National Statistics (ONS) reports staff numbers in any given category to the nearest 10. It notes where numbers are less than five, which we have rounded up to three (for example, in our analysis of age).

The ONS also reports as 'senior civil service' certain roles – such as health professionals, military personnel and senior diplomats – which the Cabinet Office does not consider to be part of the actual senior civil service. This is why we refer to 'senior civil service and equivalent' in our analysis of ONS data.

While we use full-time equivalent in our analysis of staff numbers (see below), only headcount figures are available for most characteristics of the workforce (such as grade, ethnicity and disability status). There are some exceptions, such as specialisms.

## Staff numbers, pages 26 to 29

For staff numbers, we use table 9 from the ONS's quarterly Public Sector Employment series, which contains staff numbers (full-time equivalent, FTE) in all public organisations that employ civil servants. FTE counts part-time staff according to the time they work (e.g. a person working two days a week as 0.4); this is more accurate than headcount, which does not distinguish between full-time and part-time employees.

Our calculated rates of change in each period for each department are adjusted for reclassifications of staff between bodies. Reclassifications are usually noted by the ONS in footnotes to the data tables. The figures shown for each department in our 'change from baseline' charts take a geometric average of per period change rates over all periods from 2010 Q3 (our Spending Review baseline) to the latest period. In our analysis of the Department for Exiting the European Union (DExEU), we have used the ONS's estimate of total headcount, which includes all members of staff on loan from other departments. This means that some employees will be counted twice (under DExEU and their home department).

## Professions/specialisms, pages 40 to 41

We have grouped the 27 different civil service professions (and 'unknown' and 'not reported') used by the ONS into four overarching categories as follows:

| Profession                                  | IfG Category  |
|---|---|
| <b>Commercial</b>                           | Cross-departmental specialisms  |
| <b>Communications</b>                       | Cross-departmental specialisms  |
| <b>Corporate Finance</b>                    | Cross-departmental specialisms (included in the Finance sub-category)   |
| <b>Digital, Data and Technology</b>         | Cross-departmental specialisms  |
| <b>Economics</b>                            | Cross-departmental specialisms (included in the Analytics sub-category) |
| <b>Finance</b>                              | Cross-departmental specialisms (included in the Finance sub-category)   |
| <b>Human Resources</b>                      | Cross-departmental specialisms  |
| <b>Inspector of Education and Training</b>  | Departmental specialisms  |
| <b>Intelligence Analysis</b>                | Departmental specialisms  |
| <b>Internal Audit</b>                       | Cross-departmental specialisms  |
| <b>Knowledge and information Management</b> | Cross-departmental specialisms  |
| <b>Legal</b>                                | Cross-departmental specialisms  |

|                                |   |
|--------------------------------|---|
| <b>Medicine</b>                | Departmental specialisms  |
| <b>Operational Delivery</b>    | Operational delivery  |
| <b>Operational Research</b>    | Cross-departmental specialisms (included in the Analytics sub-category) |
| <b>Planning</b>                | Departmental specialisms (included in the Planning sub-category)        |
| <b>Planning Inspectors</b>     | Departmental specialisms (included in the Planning sub-category)        |
| <b>Policy</b>                  | Cross-departmental specialisms  |
| <b>Project Delivery</b>        | Cross-departmental specialisms  |
| <b>Property</b>                | Cross-departmental specialisms  |
| <b>Psychology</b>              | Departmental specialisms  |
| <b>Science and Engineering</b> | Departmental specialisms  |
| <b>Security</b>                | Departmental specialisms  |
| <b>Social Research</b>         | Cross-departmental specialisms (included in the Analytics sub-category) |
| <b>Statistics</b>              | Cross-departmental specialisms (included in the Analytics sub-category) |
| <b>Tax</b>                     | Departmental specialisms  |
| <b>Veterinarian</b>            | Departmental specialisms  |

Please note: this is a change from our previous classifications, used most recently in *Whitehall Monitor 2017*.

## Financial transparency, pages 57 to 58

We have ranked each government department according to how transparently it accounts for movements in spending plans.

For each financial year we compared the original spending plan, as published in Spending Review 2010, Spending Review 2013, and Spending Review 2015, with every reissue of a plan for that financial year (in annual Budget documents and the department's Annual Report and Accounts), and noted whether the spending plan had changed and whether this change was explained. We looked for explanations in the annual Budget documentation, in the Government's Public Expenditure Statistical Analyses (PESA), in departmental Annual Reports and Accounts, and in Explanatory Memoranda to Main and Supplementary Estimates.

We graded each department according to:

- whether an explanation was given for a change
- whether each movement was fully or partially explained
- where the explanation appeared and how easy it was to access the documentation.

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We then ranked the departments based on their average ranking across the financial years falling within each Spending Review (2011/12 to 2014/16 for Spending Review 2010; 2015/16 for Spending Review 2013; and 2016/17 for Spending Review 2015). The average ranking across all Spending Review periods was used to calculate the overall ranking.

## **Managing public spending, pages 62 to 63**

For each department we calculated the total amount of Resource Departmental Expenditure Limit (RDEL) minus depreciation, using 2016/17 data in HMT's Online System for Central Accounting and Reporting (OSCAR). This provided us with a 100% departmental spending figure. Individual spending lines for each department were then ranked from largest to smallest and calculated as a percentage of the total RDEL figure.

Each department's spending lines were categorised as direct management, sponsorship of public bodies, system and grant funding, and markets and contracting. For each department we categorised approximately 85%–100% of total RDEL spending. Negative spending lines (i.e. income, such as at the Home Office for UK Visas and Immigration) have not been included. In certain areas we used departmental Annual Reports and Accounts to supplement our understanding of spending.

The net result of this process was a percentage breakdown into four component parts of each department's total RDEL. This percentage breakdown forms the underlying basis of the heat map on page 62.

Each spending line in the OSCAR data is categorised as either 'Programme' or 'Administration' spending, providing us with the data to provide the breakdown of directly managed spending on page 63.

## **Public bodies by department, page 65**

For figure 4.4, we have taken data from both the Cabinet Office's *Public Bodies* 2017 report, and the list of government organisations on GOV.UK (as at 4 October 2017). Where there are differences between the two data sources, we have made a case-by-case decision regarding which source best reflects the current status of public bodies.

## **Responsiveness ranking, pages 94 to 95**

Our composite ranking collates timeliness in responding to:

- Freedom of Information requests, Q4 2016 to Q3 2017. The score represents whether replies were made 'in time' – that is, inside the statutory 20-day limit or with a permitted 'reasonable extension'.
- Written parliamentary questions, 2016–17 session. We take together the percentage of 'named day' questions that were answered by the specified day, or within five sitting days for ordinary written questions.
- Ministerial correspondence, 2016. We use the percentage answered within target – departments themselves set the target time, up to a maximum of 20 days.



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The area of the bubbles is determined by total volume, and the position on the y axis is the percentage answered on time for that metric. Departments are then ordered according to their overall rank for timeliness, calculated using their rank on each individual metric.

## **Hospitality releases, page 101**

We are extremely grateful to Transparency International UK (TI-UK) for compiling all quarterly releases published by government departments about the gifts and hospitality received and travel and meetings conducted by ministers, special advisers and senior officials. Our analysis has looked only at the ministerial releases. Having been provided with a list of publication dates by TI-UK, we sought to fill in any gaps by looking at GOV.UK and through correspondence with the Government Digital Service.

We understand that departments are supposed to publish a quarter in arrears. We have given a few days' grace in our calculations, and so our analysis may be slightly more generous than the reality.

## **Spending over £25,000, page 101**

We searched for £25,000 spend data on GOV.UK and data.gov.uk for releases covering the period November 2010 to November 2017, in line with David Cameron's initial instruction to government departments and our own publication schedule.

Where we could not find a file, we corresponded with the Government Digital Service; we also did the same if we could not find a publication date, and also used the history function on data.gov.uk. If a release still could not be located, we marked the file as 'Not published' (and if its date could not be found, 'Date unknown').

Treasury guidance says the releases should be published by the end of the following month (e.g. the September 2016 file should have been published by 31 October 2016). We extended the limit for 'On time' releases to 70 days from the first day of the month to which the data refers, to allow for weekends and public holidays and to give a few days' grace. The guidance is clear that each monthly release should be published separately, but some departments have published in bulk. We have generously counted those months that were in time as 'On time', and others as 'Late'.

## **Organograms, page 102**

We searched for organogram data on GOV.UK and data.gov.uk and recorded whether or not we could find the file for each six-month period. We corresponded with the Government Digital Service if we could not find a file. Guidance says departments should publish their 31 March organograms by 6 June, and the 30 September versions by 6 December. Our final data was collected on 8 January 2018; since departments were due to have published their organograms for September 2017 by 6 December, this is being slightly generous. Some organograms may therefore have been published since, though they would still be late.

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## **Single Departmental Plans, pages 108 to 109**

A good Single Departmental Plan (SDP) would have a short list of specific priorities, with a list of actions the department plans to undertake to achieve them.

The SDPs published in December 2017 have headline objectives with sub-objectives underneath and actions beneath those. If the objective constituted a single specific priority, it was counted, and the sub-objectives and actions below were ignored. If it did not, we turned our attention to those sub-objectives and actions below, counting the number of specific (or non-specific) priorities that sat beneath it. A priority was deemed specific if it was possible to assess whether or not it had been achieved.

For publication dates, we have relied on the 'full page history' function found on pages published on GOV.UK.

## **International Civil Service Effectiveness (InCiSE) index, pages 111 to 112**

InCiSE has published a full technical report with details of the methodology used, [available on the Institute for Government website](#).

# Abbreviations

| <b>Acronym</b>  | <b>Organisation name</b>  |
|-----------------|---|
| <b>AGO</b>      | Attorney General's Office   |
| <b>APA</b>      | Asset Protection Agency   |
| <b>BIS</b>      | Department for Business, Innovation and Skills                                |
| <b>BEIS</b>     | Department for Business, Energy and Industrial Strategy                       |
| <b>CO</b>       | Cabinet Office  |
| <b>CxD</b>      | Chancellor's Departments (APA, DMO, GAD, HMRC, HMT, NS&I, OBR)                |
| <b>DCLG</b>     | Department for Communities and Local Government                               |
| <b>DCMS</b>     | Department for Digital, Culture, Media and Sport                              |
| <b>DECC</b>     | Department of Energy and Climate Change                                       |
| <b>Defra</b>    | Department for Environment, Food and Rural Affairs                            |
| <b>DE&amp;S</b> | Defence Equipment and Support (part of MoD)                                   |
| <b>DExEU</b>    | Department for Exiting the European Union                                     |
| <b>DfE</b>      | Department for Education  |
| <b>DfID</b>     | Department for International Development                                      |
| <b>DfT</b>      | Department for Transport  |
| <b>DH</b>       | Department of Health  |
| <b>DHSC</b>     | Department of Health and Social Care  |
| <b>DMO</b>      | Debt Management Office  |
| <b>DPM</b>      | Deputy Prime Minister   |
| <b>DVLA</b>     | Driver and Vehicle Licensing Agency (part of DfT)                             |
| <b>DWP</b>      | Department for Work and Pensions  |
| <b>ERG</b>      | Efficiency and Reform Group (part of CO)                                      |
| <b>FCO</b>      | Foreign and Commonwealth Office   |
| <b>GAD</b>      | Government Actuary's Department   |
| <b>GDS</b>      | Government Digital Service  |
| <b>HCS</b>      | Home Civil Service (all civil servants in UK, Scottish and Welsh governments) |
| <b>HMRC</b>     | Her Majesty's Revenue and Customs   |
| <b>HMT</b>      | Her Majesty's Treasury  |
| <b>HO</b>       | Home Office   |
| <b>HofC</b>     | House of Commons  |
| <b>HofL</b>     | House of Lords  |
| <b>IPA</b>      | Infrastructure and Projects Authority   |
| <b>Law</b>      | Law officers (AGO, Office of the Advocate General for Scotland)               |
| <b>MHCLG</b>    | Ministry of Housing, Communities and Local Government                         |

|                 |                                       |
|-----------------|---------------------------------------|
| <b>MoD</b>      | Ministry of Defence                   |
| <b>MoJ</b>      | Ministry of Justice                   |
| <b>MPA</b>      | Major Projects Authority (part of CO) |
| <b>NAO</b>      | National Audit Office                 |
| <b>NHS</b>      | National Health Service               |
| <b>NICS</b>     | Northern Ireland Civil Service        |
| <b>NIO</b>      | Northern Ireland Office               |
| <b>NS&amp;I</b> | National Savings and Investments      |
| <b>OBR</b>      | Office for Budget Responsibility      |
| <b>ONS</b>      | Office for National Statistics        |
| <b>PM</b>       | Prime Minister                        |
| <b>Scot</b>     | Scotland Office                       |
| <b>SG</b>       | Scottish Government                   |
| <b>Wal</b>      | Wales Office                          |
| <b>WG</b>       | Welsh Government                      |

| <b>Acronym</b> | <b>Definition</b>   |
|----------------|---|
| <b>AME</b>     | Annually Managed Expenditure  |
| <b>AO/AA</b>   | Administrative Officer/Administrative Assistant (civil service grade) |
| <b>ACSES</b>   | Annual Civil Service Employment Survey                                |
| <b>ALB</b>     | Arm's length body   |
| <b>API</b>     | Application Programming Interface                                     |
| <b>AR</b>      | Annual report   |
| <b>BUD</b>     | Budget  |
| <b>CAME</b>    | Capital Annually Managed Expenditure                                  |
| <b>CDEL</b>    | Capital Departmental Expenditure Limit                                |
| <b>CS</b>      | Civil service   |
| <b>DEL</b>     | Departmental Expenditure Limit  |
| <b>DLC</b>     | Delegated Legislation Committee                                       |
| <b>EO</b>      | Executive Officer (civil service grade)                               |
| <b>FTE</b>     | Full-time equivalent  |
| <b>FoI</b>     | Freedom of Information  |
| <b>G6, G7</b>  | Grade 6 and Grade 7 (civil service grade)                             |
| <b>GDP</b>     | Gross domestic product  |
| <b>GE</b>      | General election  |
| <b>HS2</b>     | High Speed Rail 2   |

|                    |   |
|--------------------|---|
| <b>IFG</b>         | Institute for Government  |
| <b>IFRS</b>        | International Financial Reporting Standards                             |
| <b>IMF</b>         | International Monetary Fund   |
| <b>InCiSE</b>      | International Civil Service Effectiveness Index                         |
| <b>IT/ICT</b>      | Information technology/Information and communications technology        |
| <b>MoS</b>         | Minister of State   |
| <b>NCS</b>         | National Security Council   |
| <b>NDPB</b>        | Non-departmental public body  |
| <b>NGO</b>         | Non-governmental organisation   |
| <b>NISRA</b>       | Northern Ireland Statistics and Research Agency                         |
| <b>ODM</b>         | Opposition Day Motion   |
| <b>OSCAR</b>       | Online System for Central Accounting Reporting                          |
| <b>PAC</b>         | Public Accounts Committee   |
| <b>PASC</b>        | Public Administration Select Committee                                  |
| <b>PESA</b>        | Public Expenditure Statistical Analysis                                 |
| <b>PMDU</b>        | Prime Minister's Delivery Unit  |
| <b>PSA</b>         | Public Service Agreement  |
| <b>PUSS</b>        | Parliamentary Under Secretary of State                                  |
| <b>Q (Q1 etc.)</b> | Quarter   |
| <b>QDS</b>         | Quarterly Data Summary  |
| <b>RAG</b>         | Red-Amber-Green (rating scheme for delivery confidence in projects)     |
| <b>RAME</b>        | Resource Annually Managed Expenditure                                   |
| <b>RDEL</b>        | Resource Departmental Expenditure Limit                                 |
| <b>SCS</b>         | Senior civil service  |
| <b>SDP</b>         | Single Departmental Plan  |
| <b>SEO/HEO</b>     | Senior Executive Officer/Higher Executive Officer (civil service grade) |
| <b>SI</b>          | Statutory instrument  |
| <b>SoS</b>         | Secretary of State  |
| <b>SR</b>          | Spending Review/Spending Round  |
| <b>SRP</b>         | Structural Reform Plan  |
| <b>SRO</b>         | Senior Responsible Owner  |
| <b>TME</b>         | Total managed expenditure   |
| <b>VAT</b>         | Value Added Tax   |
| <b>UQ</b>          | Urgent question   |
| <b>WGA</b>         | Whole of Government Accounts  |
| <b>WMI</b>         | Workforce Management Information  |

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**Gavin Freeguard, Lucy Campbell, Aron Cheung,  
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