

# Centre Forward

Effective Support for the Prime Minister  
at the Centre of Government

Josh Harris and Jill Rutter

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Inevitably some readers will not quite recognise our account, since no person's experience is the same as another's. We nonetheless hope that this report provides a helpful insight into the workings of the centre of the British government. Any errors or omissions are our responsibility alone.

## Foreword

There is no good preparation for being prime minister. Even those who observe prime ministers in action from close at hand can underestimate the scale of the challenge and the support which they need. Aspiring prime ministers often box themselves in with commitments to run a different sort of regime to their predecessor, generally with a smaller and leaner centre. But they then find, when in office, that there were sometimes good reasons why their predecessor had put those arrangements in place – usually after having been in Number 10 for some time themselves. Consequently, over recent decades, we have seen a cycle of change, then reinvention as prime ministers learn what they need from direct experience.

The aim of this report is two-fold: first, to understand how Number 10 – and the parts of the Cabinet Office that directly serve the prime minister – have evolved over the past three decades. At the moment that knowledge is possessed by a few individuals but not widely available or shared.

The second is to outline the elements of a core offer that the Civil Service should make to any prime minister to help them to shape to their style and priorities. We see these as building blocks of an effective centre rather than a blueprint. The combination of building blocks will depend on the personality, needs and priorities of whoever is in Number 10.

The focus on this offer is not intended to play down other essentials for an effective premiership – the ability to call on talented ministerial colleagues and to work with them productively to take forward agreed priorities; and the presence of close personal and political advisers to offer candid counsel in a way only people who have long shared histories often can.

The challenge of being prime minister is to connect that small circle, always in part a court, with the multi-billion pound, complex operation that modern government is, to produce effective direction and stewardship. Our aim in this report is to offer insights into how that can be done.

This report, by Josh Harris and Jill Rutter, addresses a fundamental challenge facing all new prime ministers. Its value lies not least in explaining what new initiatives have been tried at the centre, which have worked and which have not, but with a full awareness of the political context. Prime ministers are not corporate executives. There are lessons for anyone who aspires to be, or wishes to remain prime minister, as well as insights for any student of power that are not available in any memoir or textbook.

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

Peter Riddell  
Director  
Institute for Government

## Executive summary

Effective government needs an effective centre. Yet successive prime ministers have struggled to organise the support they need to make their governments work. They have reinvented some of the structures around them on taking office, and then reinvented again as they better understand the nature of the challenges they face in governing.

In this report we look at the options that prime ministers have explored over the past two decades, as a basis both for informing their future choices but also distilling the elements of a 'core offer' from the Civil Service to any prime minister (PM) on taking office.

Prime ministers perform three key roles: a **party** role as leader of the main governing political party; a **parliamentary** role, as leader of the government side in parliament and an **executive** role as leader of the executive arm of government. This includes a significant personal role in international diplomacy, national security and crisis management.

The need to perform all three roles shows why there is no adequate preparation for being prime minister. A departmental role has neither the political nor parliamentary exposure nor the breadth of responsibility; an opposition leader has the first two roles but, as Tony Blair remarked, the Opposition 'says' rather than 'does'.

Once in government, all prime ministers experience 'gravitational pulls' which can inhibit their effectiveness. A prime minister is constrained by the pressures on their time, especially on the international side; the physically limited space they work in; the strength of departments where most resource and formal powers reside; and crises and events. All of these change with the political cycle and can depend on the prime minister's own authority in Parliament and on his relationships with his colleagues and rivals. The inevitable result is that the urgent frequently crowds out the important.

In this report we focus on the support the prime minister needs in their executive role. Any prime minister will need close political advisers and a brilliant diary manager as well as relying heavily on the efficiency of the administrative machine in 10 Downing Street. They will also draw on crisis management capacity in the Cabinet Office and oversee the intelligence agencies. These are all important functions and we take them as read, so they are not the focus of our report. Capacities at the centre supplement and do not substitute for the core power of the prime minister over ministerial appointments and their ability to set a clear strategic direction and narrative for their government. Margaret Thatcher had, compared to her successors, relatively attenuated support structures, but her clear direction combined, from her second term, with an ability to appoint ministers who shared her vision, made her very authoritative. Prime ministers have in recent times used the following set of capacities to support them in their executive role:

- policy advice and support
- long-term policy development and direction
- co-ordination and dispute resolution
- progress assurance
- incubating and catalysing change
- communications and external relations.

For each capacity we discuss how it has been configured over recent decades, and what support has been provided in terms of structure, processes, and people. We assess the strengths and weaknesses of different approaches, and suggest a number of more detailed design considerations for specific ways of configuring support.

### **Policy advice and support**

Prime ministers need day-to-day policy advice to understand and shape what the government is doing, and to drive forward their own ideas. Getting this right is core to an effective centre. The most immediate support is provided by a civil service 'Private Office', which (apart from a brief and unsuccessful experiment in 2001-2005 to merge it with the Policy Unit) has been a constant part of the policy firmament.

Much more variable has been the configuration of a special adviser dominated policy unit, and its underpinning analytic capacity. These are clearly the prime minister's people (apart from a brief experiment under the Coalition of having a combined Prime Minister and Deputy Prime Minister policy unit) and they derive authority from their ability to speak on the prime minister's behalf. The UK mixed model of civil servants and special advisers offering advice (in contrast to other countries where the prime minister's office is entirely political) seems to work well.

The policy unit has firefighting and intelligence gathering functions, but also broadcasts the prime minister's wishes to departments. The unit needs to both be able to cover the ground, but may also need heavy hitters on prime ministerial priorities who can operate through political as well as official networks, and are able to act in a third mode – as policy entrepreneurs. It needs to be small enough so that each adviser can genuinely claim to be speaking with the prime minister's authority and it is a mistake to skimp on political nous. The temptation is to bring in familiar faces as politically-appointed advisers, but there is a good case for considering a wider field of candidates both for the head of unit and for other positions. Blair used headhunters to find a new unit head in 2005 and David Cameron has appointed an MP. Cameron's innovation of drawing on backbench talent through the Policy Board may also be worth continuing.

Policy advice on foreign affairs and security has been increased over the past 15 years or so. While there have periodically been political advisers specialising in Number 10 in foreign affairs, since 2001 this has often taken the form of foreign affairs advisers in Number 10 who also head Cabinet Office secretariats – so-called 'dual hatting'. Currently the prime minister is advised by the head of the European and Global Issues secretariat, and the National Security Adviser.

There was a further innovation under Blair: the creation of a 'chief of staff' role, able to bring together all the prime minister's roles and bring order to multiple sources of advice. That position worked for Blair and Cameron has followed his example – but it did not work under Gordon Brown. Finding the right person is absolutely critical.

### **Longer-term policy development**

The operation inside Number 10 is inevitably sucked into short-term firefighting and intelligence gathering. Some prime ministers have created dedicated capacity to take more in-depth looks at longer-term issues, challenge conventional thinking and work cross-departmentally, for example Edward Heath's Central Policy Review Staff and Blair's strategy

units. These worked to an extent, but lost influence as they became disconnected from prime ministerial priorities or failed to engage departments.

One of the strengths of these units was developing methodologies and approaches for tackling long-term or strategic policy issues. They partly did this by attracting and recruiting outsiders with skills and expertise that were not available at the time in Whitehall – though there is no reason why civil servants should not be trained to develop those problem-solving and analytic skills.

Cameron abolished the Prime Minister's Strategy Unit soon after taking office. The result is that the Cabinet Office has had to fill some of the gaps in developing options on cross-cutting policy problems. Some of this has been through secretariats. The Cabinet Secretary has built a centralised horizon-scanning capacity to identify longer-term issues that the Civil Service needs to work on. The Day Review on horizon scanning recognised that the Civil Service had a duty to look at issues 'beyond the parliamentary term'. The Cabinet Secretary needs to be able to mobilise this problem-solving capacity (from inside and outside government) when issues emerge and use the Cabinet Office's convening power on behalf of the prime minister to respond.

Prime ministers have shown that they regard this capacity at the centre as more optional than day-to-day advice and support. But the lack of capacity to tackle these issues has been felt when gaps have emerged. At the very least, the Cabinet Secretary needs to be able to mobilise capacity to consider longer-term cross-cutting issues and produce options for the prime minister and ministers. If a prime minister does want to use a standing capacity for longer-term policy development then a dedicated unit, kept separate from the 'gravitational pulls' of the immediate demands on the policy unit, can be a good way of organising this.

### **Co-ordination and dispute resolution**

However active a prime minister, most policy still originates in departments, so every prime minister needs to ensure proper co-ordination and dispute resolution. Chairing cabinet and some of its committees is one of the prime minister's traditional roles, supported by the classic Cabinet Office secretariat co-ordination function. But our research shows that co-ordination can be done very differently: in a lowest common denominator way that simply gets agreements that every department can live with; or in a highest common factor way that gets the best that the government acting collectively can achieve.

Blair's preference for informal decision-making bypassed the Cabinet Office on the domestic side, despite the Cabinet Office machinery being strengthened on international issues. More recently the Cabinet Office has shown the potential for more active 'positive' co-ordination through the role of Brown's National Economic Council in co-ordinating the response to the 2008 economic crisis, and Cameron's strengthening of the National Security Council since 2010. In these cases Cabinet Office processes have been used more actively to drive the prime minister's agenda and to ensure better quality engagement from departments – and have provided a useful way of linking Number 10 into the wider government machine. Key elements of success include senior attendance, prime ministerial commitment, and high-powered secretariats.

Since 2010 the Economic and Domestic Secretariat has played a more active role, partly due to coalition, but partly also to fill the gap in ad hoc problem solving capacity left by the



Strategy Unit's demise. Appointing Sir Jeremy Heywood as Cabinet Secretary has helped, because he is clearly Cameron's principal official policy adviser and therefore more able to pull issues into the Cabinet Office and resolve them there.

In other jurisdictions, it is taken for granted that Cabinet Office equivalents play a powerful co-ordinating role on behalf of the prime minister. The capacity to play that role should be part of the core offer to the prime minister.

### **Progress assurance**

Once policy has been developed and agreed, it has to be implemented. Implementation has been the Achilles' heel of the UK system, which is why recent prime ministers have used centralised progress-chasing machinery to reflect the issues they think their premiership will be judged by.

Until 2001, prime ministers had no formal mechanisms for chasing progress on implementing government policy, either across the board or on their priority issues. Neither policy unit nor private office had the time or capacity to focus on the detail of implementation. In 2001, Blair established the Prime Minister's Delivery Unit (PMDU) to ensure progress on selected priority public service targets. The PMDU role widened and diluted under Brown and was dispensed with by Cameron, who favoured departmental business plans for monitoring performance. But in 2012 the Government created additional capacity in the Cabinet Office to chase progress and assist the implementation of specific prime ministerial (and deputy prime ministerial) policy initiatives. They have particularly focused on economic growth, working through the Growth and Enterprise Cabinet Committee chaired by the prime minister.

The UK government's systemic weakness in implementation suggests that both these capacities are needed for areas where there is the risk of significant problems arising, such as major projects, and for prime ministerial priority areas. Implementation challenge should take place at an early stage in the decision process about a policy. This capacity is therefore important at the start of a Parliament, as well as later on when an election approaches and the prime minister wants to demonstrate progress on their priorities. The use of policy implementation capacity can be shaped around a prime minister's personal approach to government – for example, the change from an outcome focus under Blair to an output focus under Cameron.

The incoming government in 2010 created the Major Projects Authority (MPA) to manage its portfolio of around 200 discrete high-risk projects, building on the previous lower-profile role of the Office of Government Commerce. The prime minister has a less active role on major projects assurance but, given the substantial reputational risk if major projects go wrong, any prime minister should insist that this function is performed effectively and task the civil service leadership with ensuring that specialist skills and capacity are present for this role to be performed effectively. Its political importance should be signalled to cabinet colleagues and the capacity to provide this assurance should be part of the core offer to prime ministers.

### **Incubating and catalysing change**

Where they have not been prepared to rely on existing structures, prime ministers have created special units to challenge business as usual in departments. This has either challenged ways of working (Efficiency Unit, deregulation units, the Citizen's Charter Unit) or



dealt with specific topics (Social Exclusion, Respect and Troubled Families). To work, these units often have to battle against the entrenched powers of budget-holding departments. Successful units require prime ministerial patronage, strong leadership, and acquired authority. They can be a useful way of attracting outside expertise and driving change, but their shelf life tends to be limited to a few years at most. They should be used sparingly and cannot be a substitute for increasing core capacity at the centre. For longer-term issues or ways of working, the aim should be eventually to mainstream back into departments. There has been little attempt inside government to learn lessons from the past experience of these units or those who have run them. The Cabinet Office should hold that knowledge and be ready to help the prime minister rapidly establish units where they are likely to be effective.

### **Communications and external relations**

A key role of the prime minister is to be communicator in chief for the government. The prime minister is now expected to be able to answer for government across the whole range of business. Effective co-ordination of communications has been a long-standing bugbear of successive governments. News management at least improved markedly with the innovation of using the 'Grid' from 1998 onwards, but this depended on departmental compliance and central control which seems to have declined since 2010. Prime ministers can derive significant value from using the power of Number 10 and their authority to push issues and causes through government communications, but doing so effectively over the longer term requires capacity to plan. This is important because when urgent matters arise they tend to crowd out other issues and consume communications resources. Separate capacity is necessary, in some shape or form, to plan longer-term communications and external engagement.

### **Centre forward**

There has been much debate in the past about whether we have, or should have, a recognised prime minister's department, as other countries do. The name does not matter, but the ability to support the prime minister effectively in their executive role does. Concern about a name should not stand in the way of making sure prime ministers can call on the capacity they need.

Some see virtue in the fluid and flexible ways prime ministers have reshaped the centre. However, recent history suggests this reinvention instead reflects the weakness of the core offer. Any prime minister should be able to take for granted the existence of capacities to co-ordinate and drive their agenda, to support the solving of longer-term problems, to assure progress and to help incubate or catalyse change, in addition to day-to-day support from their private office. They should then be able to tailor those capacities to their priorities, personal style and political circumstances. A failure to offer those capacities, and to show clearly that the Cabinet Office's priority is to support the prime minister, has led prime ministers to invent parallel capacities staffed with 'their people'.

Those core capacities should be flexible to bring in outsiders who can challenge or have specific expertise, to focus on the issues that matter to them, and to accommodate different working styles and relationships within government. The prime minister will want to be sure that they are staffed by people in whom they have confidence. Core capacity does not necessarily mean standing capacity. It means an ability to know where resources can be

found and having the processes to mobilise and establish them quickly, for example to support longer-term and cross-cutting policy development or establish special units.

These capacities are essential to provide the bridge between the prime minister and the machinery of government, between the 'court' of Number 10 and the £715 billion (bn) operation which is modern government. It has to fall to the cabinet secretary, as part of their 'stewardship' role, to make sure the Civil Service can serve not just the current administration but future ones as well. That means making sure these capacities are available to a prime minister on taking office and working with the prime minister to adapt them to their needs.

But prime ministers have a responsibility too. There are future challenges and different ways of governing. In Scotland, the Scottish National Party has adopted a more corporate approach to government. Others have suggested that government of the future needs to be more outward-looking and more open to outside innovations. So prime ministers need to do some serious thinking in advance not just about what they want to do in office, but also how they want to do it. This report is designed to help that thinking.

## 1. Introduction

Effective government needs an effective centre. Yet successive prime ministers have struggled to organise the support they need to make their governments work as they wish. In particular, the last three prime ministers since 1997 have found the arrangements they put in place at the start of their terms lacking and have reinvented their support while in office.

This process has not followed a linear trend, responding instead to the perceived challenges of the day and preferences of the prime minister. While that flexibility has been an asset, it also reflects a failure to address some underlying problems, and a failure to learn from what has gone before. Recent prime ministers have only found a centre which works for them after frustrating early years.

### What this report does

This report looks at the **political and policy centre** which supports the prime minister, concentrating on Number 10 and the Cabinet Office and assuming no change in the current functions of the Treasury. There is parallel Institute work on the role of the centre in the corporate leadership of the Civil Service.<sup>1</sup> It is aimed at illuminating choices by broadening and deepening understanding of what has been tried at the centre. It recognises that there is no perfect blueprint that will suit all prime ministerial styles and priorities – or all contexts and times. However, it does look at the enduring capacity that the Civil Service should be able to offer any prime minister.

#### Organising the centre – key terms

The centre sounds relatively simple – but in practice it isn't. This is a brief guide to the terms we use in this report.

Private Office	The immediate long-standing civil service operation supporting the prime minister, headed by a principal private secretary with a number of private secretaries supporting policy areas. They act as the main contact point for other ministerial private offices.
Chief of Staff	A recent invention. Blair made former diplomat, Jonathan Powell his Chief of Staff to bring together the political side of Number 10 with the official side. Brown (briefly) and Cameron have both appointed chiefs of staff who have mostly been special advisers rather than civil servants.
Policy Unit	The small mixed unit of special advisers and civil servants that provides policy advice to the prime minister. Briefly merged with the private office in 2001-05 to become the <b>Policy Directorate</b> .
Prime Minister's Strategy Unit (PMSU)	Under Blair and Brown, this Unit provided dedicated policy development and analysis capacity at the centre of government to focus particularly on longer-term and cross-departmental issues. Predecessor units included the Central Policy Review Staff (CPRS), Performance and Innovation Unit (PIU) and the Forward Strategy Unit (FSU).
Political Secretary/ Political Office/ Government	The prime minister can also call on political support in Number 10 – both from the Chief Whip and other parliamentarians responsible for managing parliamentary business and from political appointees who are usually funded by the party. Their functions include liaising with party HQ and with

<sup>1</sup> Most recently see Page et al., *Leading Change in the Civil Service*, Institute for Government, March 2014, retrieved 23 June 2014 from <http://www.instituteforgovernment.org.uk/publications/leading-change-civil-service>

relations	the party in Parliament and the country. Some prime ministers have also appointed other close allies to manage key external relations.
Foreign affairs advisers	Senior diplomats used as personal foreign policy advisers by the prime minister but not usually part of the Policy Unit (which traditionally focuses on domestic and some EU affairs).
Cabinet Secretary	The most senior civil servant; traditionally the prime minister's principal official policy adviser and head of the Cabinet Office secretariats.
Cabinet Office (CO) secretariats	The fundamental and traditional role is to support cabinet committees, but increasingly used in a less formal way to support central policy development and dispute resolution. There are currently three main secretariats: National Security (NSS) which also includes the crisis management capability in the Civil Contingencies Unit); European and Global Issues (EGIS) who handle both EU and international economic issues; Economic and Domestic (EDS) which now also covers the Implementation Group. The CO secretariats are a long-standing part of the machinery though names and roles change and are the preserve of the Civil Service.
Special units	Our term for the ad hoc units prime ministers have established over the years to pursue particular priorities. Under Blair and Brown some big units were created around 'strategy' and 'delivery'. These have often been vehicles to bring in outsiders with skills or expertise not generally available in the Civil Service.

This report draws on:

- interviews<sup>2</sup> with over 30 people who have been active in the centre and other parts of government, as well as a series of roundtables to bring together more than 60 people who had worked in similar functions at different times in Number 10 and the Cabinet Office's recent past
- what happens in similar governmental systems – Australia and Canada in particular – and previous Institute research on supporting heads of government<sup>3</sup>
- what academic research says about the organisation of centres of government.

## Roles and styles

Prime ministers play multiple roles. There are many different nuances to the roles they play, but one of the important things about being prime minister is that these roles come together in one person. Broadly speaking these roles are:

- **party:** leader of the main governing political party
- **parliamentary:** leader of the government side in parliament
- **executive:** leader of the executive arm of government, including internationally and in crises.

<sup>2</sup> Quotations taken from interviews and roundtables for this report are referenced to in footnotes but preserve the anonymity of our interviewees.

<sup>3</sup> Trusswell, E., & Atkinson, D., *Supporting Heads of Government: A comparison across six countries*, Institute for Government, 2011, retrieved 9 June 2014 from

<http://www.instituteforgovernment.org.uk/sites/default/files/publications/Supporting%20Heads%20of%20Government.pdf>

Bringing these all together, the prime minister is uniquely positioned to develop and communicate the government's message in parliament and the media and is also held to account every week at prime minister's questions for everything the government does.

The combination of these roles shows why nothing is an adequate preparation for being prime minister. The difference between government and opposition lies in the executive and diplomatic roles. The difference between being prime minister and running another government department lies in the need to play the first two roles, and the breadth required in the third.

Prime ministers will also have individual styles. Academics distinguish between 'monocratic' and 'collective' relationships within government and 'shared' versus 'segmented' approaches to policy making.<sup>4</sup> These styles will affect how prime ministers choose to play these roles.

## Functions and capacities

In this report we concentrate on the support that the prime minister needs to perform their 'executive' role, while recognising that this cannot be isolated from either the political or parliamentary context. All prime ministers will need close advisers who help them in more explicit parliamentary and political management roles. These are some of their most important advisers. To illustrate their roles, we have included in the annex of this report a description of the different members of Tony Blair's close team in his own words on entering government in 1997. Some may have roles that under other administrations might go to a civil servant or less close confidante (as for example Alastair Campbell did as Director of Communications). Prime ministers also need a good parliamentary private secretary (PPS) who can keep them in touch with backbench sentiment, and good business managers in the Commons and the Lords. We do not discuss these functions further, but they are important to a prime minister's authority and ability to manage their party and government business.

In the course of our research for this report, our interviewees identified six functions which prime ministers need to be able to call on for support. These provide the focus for the subsequent chapters of this report:

- **Policy advice and support:** most policy making is in departments, so the prime minister needs their own intelligence gathering operation to know what is going on, to be alerted to potential areas of concern, and to transmit their priorities into the system.
- **Longer-term policy development:** helping the prime minister develop and sustain an overall sense of direction, including planning policy beyond the immediate electoral cycle. This includes capacity to challenge conventional thinking and to undertake discrete policy projects.
- **Co-ordination and dispute resolution:** helping the prime minister chair cabinet effectively, resolve inter-departmental disputes, and make government more than the sum of its parts.
- **Progress assurance:** ensuring that the government is doing what it said it would.

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<sup>4</sup> Elgie, R., 'Models of Executive Politics: A framework for the study of executive power relations in parliamentary and semi-presidential regimes', *Political Studies* (1997), cited in Rhodes, R., 'Understanding Governance: 10 years on', *Organisation Studies* 28 (2008).

- **Incubating and catalysing change:** in addition to working through departments, prime ministers have often wanted to use the centre to challenge business as usual – either in terms of methods or on particular issues.
- **Communications and external relations:** helping prime ministers develop and promote a coherent narrative for government, and to engage effectively beyond Whitehall.

There is also machinery at the centre in the Civil Contingencies Unit to support crisis management which always ends up on the prime minister's desk. We do not discuss that further here as most people seem to think this standing capacity works well now. We have also excluded the intelligence agencies and Joint Intelligence Committee from the scope of the report.

Each of these functions exists within the centre of every government though the priority the prime minister places on them, and the resources therefore expended on them, varies. There is considerable flexibility in the way capacity and capability can be configured to support the prime minister in each of these functions. These **capacities** are the result of the **structures** put in place, the **processes** they use and, critically, the **people** appointed to them.

The optimal configuration for each function varies according to the circumstances of the time, the resources available, the problem being solved, and the personality or governing style of the prime minister and their key lieutenants. Together these constitute the centre's capacity to support the prime minister to be effective and to connect Number 10 to the rest of the government machine.

In the following sections of this report we look at the options for organising each of these functions, before drawing broader conclusions about the options facing prime ministers at the centre.

## Centre forward?

The good news for any prime minister is that the shape of the centre is largely in their hands. The fluidity of Number 10 allows 'adaptability and evolution...[if they] wanted the centre to evolve in a particular direction through an institutional innovation or some organisation reform, [they were] pretty much able to do it. There wasn't a constitutional convention blocking him'.<sup>5</sup>

In the view of the current Cabinet Secretary, Sir Jeremy Heywood, the task is to

design a centre which works for the governing philosophy of the prime minister of the day. It is ultimately shaped by the prime minister's authority.<sup>6</sup>

This report is designed to help that forward thinking, by capturing knowledge particularly about developments at the centre since 1997 and reflecting the knowledge and experience of most of those in the centre now. However, we were also informed by, and refer to, earlier changes and history, particularly where interviewees report continued resonances. Many of

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<sup>5</sup> Interview, 2014

<sup>6</sup> Interview, 2014

the structures of the centre are based on historical precedent going back decades or centuries. Understanding this long history is invaluable to understanding its idiosyncrasies. Greater knowledge about what has been tried already can inform attempts to change the centre in future.

However, there are limits to what the sort of incremental evolution we have seen can achieve. So, in the final chapter, we also ask whether a different sort of centre would better meet the demands made on the prime minister.

But first we consider why the transition is often so difficult, and look at the different pulls on prime ministers and their agendas that any function at the centre needs to be able to manage or withstand.



## 2. The move to Number 10

In opposition you wake up every morning and ask, 'What do I say?' and in government you wake up and ask, 'What do I do?'.<sup>7</sup>

Tony Blair

The most important lessons for a prospective prime minister are that governing is very different to campaigning, and that being prime minister is a unique job. No role prepares you for it. Leader of the Opposition – or Chancellor of the Exchequer – is at best a partial preparation.

The shift is immediate and can feel overwhelming – and not just for prime ministers themselves. One Cameron adviser described coming into government as feeling 'like a wave came over you'.<sup>8</sup>

There are three transitions that take place simultaneously. First, there is the transition to new roles and responsibilities, some of which can be extremely daunting.<sup>9</sup>

The second is a transition to a new way of working and a new physical space. This can be disorientating. Peter Hyman, an adviser to Tony Blair before and after the 1997 election, described the Labour team dispersing across Whitehall from their pre-97 open-plan office as feeling like 'the winning team was being broken up'.<sup>10</sup>

The third transition is to create an effective new team and establish good working relations with permanent civil servants. This is crucial in the private office and the Cabinet Office, where civil servants have until the day before been loyally serving the previous prime minister. There is inevitably potential for friction, jockeying for position and simple misunderstanding before the new arrangements settle down.

Changes in personnel and role are compounded by the change in the sheer scale and nature of the task facing a prime minister. Former Prime Minister's Strategy Unit (PMSU) head and Downing Street adviser, Geoff Mulgan described the challenge of 'changing currency'.

Nearly always when a government is elected, it is shifting from one currency, which is the currency of party politics, made up of commitments, instincts, deals and so on and then has to translate that into the currency of government, which is budgets and laws and machines and so on. Usually, around the world, when politicians come in they assume because they were good at the first, they're basically good at the second and through force of will and ideas they

<sup>7</sup> Davis, J., *In full: transcript of Q&A with Tony Blair at Mile End Group, London*, The Independent, 28 October 2013, retrieved 6 June 2014 from <http://www.independent.co.uk/news/uk/politics/in-full-transcript-of-qa-with-tony-blair-at-mile-end-group-london-8909386.html>

<sup>8</sup> Interview, 2014

<sup>9</sup> At the most extreme, incoming prime ministers are required to handwrite confidential instructions – 'letters of last resort' – for the commanders of the UK's nuclear submarines in case the government is destroyed in a hostile attack. Lord Butler, former Cabinet Secretary, recalls that the two prime ministers he briefed for this reacted 'soberly, shocked if they hadn't realised before that that was one of the things that they would have to do at the start of their administration'. Edwards, G., *Secrets of prime minister's nuclear letter*, BBC News website, 19 May 2010, retrieved 9 June 2014 from [http://news.bbc.co.uk/1/hi/uk\\_politics/8691377.stm](http://news.bbc.co.uk/1/hi/uk_politics/8691377.stm)

<sup>10</sup> Hyman, P., *1 out of 10: From Downing Street vision to classroom reality*, London, 2005, p.69

will get their way ... It's only when their implicit mental model of the answer to these questions fails that they then think differently.<sup>11</sup>

Blair recalled the 'daunting' feeling in the first days after taking power in 1997.

We were very quickly appreciating the daunting revelation of the gap between saying and doing. In opposition there is no gap because saying is all you do. In government, where doing is what it's all about, the gap is suddenly revealed as a chasm of frustration, bureaucracy and disappointment.<sup>12</sup>

Bridging this gap and getting the transition right is important. Preparation is essential.<sup>13</sup> However, potential prime ministers are notoriously reluctant to prepare advance plans, especially about how to organise the centre of government, fearing they will be accused of taking the election result for granted.<sup>14</sup> There is also no formal transition period to enable planning to take place, as there is, for example, in the US.

Instead, the lack of systematic planning means new entrants to Number 10 are more likely to be locked in by political commitments made before they crossed the threshold. Both Gordon Brown and David Cameron sought to avoid what they then saw as the mistakes of their predecessor – and to gain political credit by doing so. Both initially cut the number of special advisers at the centre. In 2008, Cameron attacked the concentration of power in Number 10 and the proliferation of special advisers:

Politicians, and the senior civil servants and advisers who work for them, instinctively hoard power because they think that's the way to get things done. Well we're going to have to kill that instinct ... We need to end the culture of sofa government where unaccountable spin doctors in Number 10, whether it's Alastair Campbell or Damian McBride, toss around ideas and make up policies not to meet the national interest but to hit dividing lines or fit the news cycle. So we'll put limits on the number of political advisers.<sup>15</sup>

Cameron initially carried his idea of a smaller centre into government. He prided himself on 'playing the non-executive chairman's role to his cabinet ministers' CEOs'.<sup>16</sup> The notable exception was the proposal for more powerful mechanisms to co-ordinate national security.<sup>17</sup>

Then Cabinet Secretary, Sir Gus (now Lord) O'Donnell, and the Permanent Secretary of Number 10, Sir Jeremy Heywood, advised against the reduction of central capacity but the government-in-waiting was not ready to listen.<sup>18</sup> Yet an official involved in the 2010 transition wondered if the Civil Service could have been more probing and therefore more helpful.

<sup>11</sup> Roundtable, 2014

<sup>12</sup> Blair, T., *A Journey*, London, 2010, p.18

<sup>13</sup> For a fuller discussion of the transitions between governments and the need for preparation, the Institute's three reports on transitions are available at <http://www.instituteforgovernment.org.uk/our-work/parliament-and-political-process/managing-changes-government>

<sup>14</sup> The Cabinet Secretary, Lord Butler was famously slapped down by Tim Allan, Alastair Campbell's Deputy, for briefing the media ahead of the May 1997 election on what might happen if Blair won.

<sup>15</sup> Cameron, D., *Fixing Broken Politics*, speech to the Open University, 26 May 2009, retrieved 17 June 2014 from [http://www.webarchive.org.uk/wayback/archive/20090531023319/http://www.conservatives.com/News/Speeches/2009/05/David\\_Cameron\\_Fixing\\_Broken\\_Politics.aspx](http://www.webarchive.org.uk/wayback/archive/20090531023319/http://www.conservatives.com/News/Speeches/2009/05/David_Cameron_Fixing_Broken_Politics.aspx)

<sup>16</sup> Sieghart, M-A, 'A PM who got his fingers burnt – by standing too far back', *The Independent*, 17 October 2011, retrieved 5 June 2014 from <http://www.maryannsiegghart.com/uncategorized/a-pm-who-got-his-fingers-burnt-by-standing-too-far-back/>

<sup>17</sup> 'A Resilient Nation: National Security Green Paper', *Conservatives*, retrieved 9 June 2014 from [http://www.conservatives.com/~media/Files/Green%20Papers/National\\_Security\\_Green\\_Paper.ashx?dl=true](http://www.conservatives.com/~media/Files/Green%20Papers/National_Security_Green_Paper.ashx?dl=true)

<sup>18</sup> Nick Boles, who was involved in helping prepare the Conservatives for government before the 2010 general election, accepted this point during an event, *Transitions: Lessons Learned*, at the Institute for Government in 2011.

Most prime ministers seem to know what style and tone they want to hit, but whether there is more than the Civil Service could do? It's certainly not a question we asked ourselves before 2010, of saying to incoming governments, well if this is the style of government that you want then these are the sort of structures you might think about. I don't think we do that for them.<sup>19</sup>

It need not be that way. In 2007 the incoming SNP minority government in the devolved Scottish administration came in with a clear plan of how they wanted to change radically the internal operating model for government – and this coincided with internal thinking initiated by the then permanent secretary.

In 2007, separate but convergent political and Civil Service analyses came together to produce the elements of a different approach. The SNP's thinking in advance of the 2007 election had led them to include in their manifesto commitments to: i) an outcome-based approach to the framing of the objectives of government and to enabling the electorate to hold the Government to account for performance; ii) a reduced size of cabinet, which was an expression of a commitment to an approach to ministerial responsibilities that emphasised the collective pursuit of shared objectives over a focus on individual portfolios with disaggregated objectives.<sup>20</sup>

Preparation for the transition is essential. So too is continuous, rigorous and systematic thinking about the centre of government. This is a shared responsibility between political and civil service leaders.

## Constraints

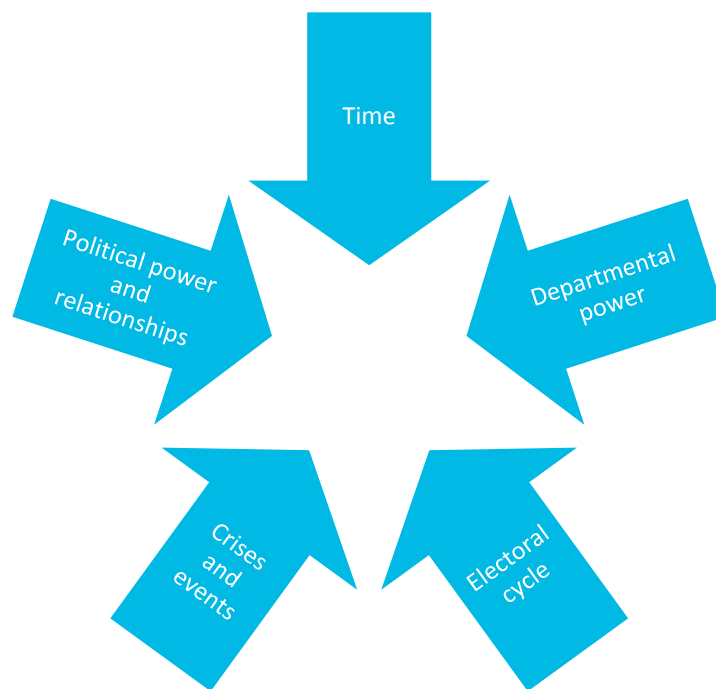
Planning for the transition is made particularly difficult by a common failure to understand the constraints on the prime minister. Several of our interviewees described these as 'gravitational pulls'. These can vary with the electoral cycle, the situation in Parliament, and external circumstances, but there are some pressures which every recent prime minister has encountered.

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<sup>19</sup> Interview, 2014

<sup>20</sup> Elvidge, J., *Northern Exposure: Lessons from the first 12 years of devolved government in Scotland*, Institute for Government, 2011, retrieved 17 June 2014 from <http://www.instituteforgovernment.org.uk/publications/northern-exposure>

Figure 1: Constraints on prime ministers



## Time

The first constraint is the prime minister's time, and in particular the demands of the international agenda. UK prime ministers have to spend a huge amount of time on personal diplomacy within the EU, G7/8 and G20, where much business is transacted through direct personal contact between heads of government. A former senior international adviser explained why the EU role in particular is now so demanding:

I know of no other issue in government where you take the head of government, you put [them] in a room, you cut him or her off from all of their staff and advice, and you confront them with a machine that's got technical advice in front of them, and then you leave them alone for two or three hours. It's called the European Council and we do it now about eight times a year.<sup>21</sup>

Some prime ministers may prefer the world stage more than others, but all modern prime ministers have found a large part of their time occupied with international diplomacy. Few leaders anticipate this when they enter office.

Another time-consuming obligation is the weekly Prime Minister's Questions (PMQs). This is the one point where the prime minister's executive, communications, parliamentary and party roles all come together. The demands decreased from twice to once a week under Blair, but even then he found it 'the most nerve-wracking ... courage-draining experience in my prime ministerial life' which required at least a day's preparation.<sup>22</sup> David Cameron 'spends about five hours a week looking at the things that the leader of the opposition is likely to say you are doing badly'.<sup>23</sup> Unlike leaders of the opposition who ask the questions, or secretaries of state who can stick to their policy area in the Commons, prime ministers are

<sup>21</sup> Interview, 2014

<sup>22</sup> Blair, T., *A Journey*, London, 2010, p.109

<sup>23</sup> Interview, 2014

expected to be 'accountable for everything the government does'.<sup>24</sup> They have to be prepared for a huge range of possible questions and lines of attack, which drives the scale of the briefing required involving political, official and policy unit staff.

The third, and most basic, pressure is that the most precious commodity at the centre is 'face-time with the boss, that's the only game in town'.<sup>25</sup> Prime ministers are in constant demand but their time is finite. Blair described the importance of effectively managing time.

One of the keys to doing the job of prime minister or president is to manage your time ... Show me an ineffective leader, and I will show you a badly managed schedule ... The schedule has to be based around the decisions that define the government, for which time must be made ... Creating time for the leader is a near-sacred task. The person in charge of it is one of the most important in the team, and they have to be completely ruthless in saying no.<sup>26</sup>

## Place

The second constraint on the organisation of the centre is its geography. Number 10 is bigger than it looks from outside, but it is a labyrinthine network of small offices connected by winding staircases and state entertaining rooms. Peter Hyman described it as a 'bizarre' place to work, like a 'country house masquerading as the centre of power'.<sup>27</sup> This sentiment was shared by Blair's Chief of Staff, Jonathan Powell, who thought Number 10 'extraordinarily ill-suited to be the headquarters of a modern government'.<sup>28</sup> Blair apparently considered commandeering the Queen Elizabeth II Conference Centre to house a bigger central operation. Inspired by Michael Bloomberg's office in New York, Brown created an open-plan office 'horseshoe' in 12 Downing Street.<sup>29</sup> Size limits the number of people who can work in Downing Street at all, and places a premium on proximity to the prime minister. The Cabinet Office is adjacent but distinct to Number 10.

The small size of Number 10 and its adjoining buildings means any significant increase in the prime minister's support risks putting people who speak for the prime minister at much greater physical distance from him. This distance makes it harder to know whether they speak for the prime minister, potentially bringing more dangers than benefits.

## Departments: resources and cultures

In opposition, power is usually concentrated in the leader and their close team. For example, in terms of available 'firepower' Ed Miliband currently has around 10 advisers compared to an average shadow secretary's team of just one or two. This resource disparity – and the lack of institutional power of shadow ministers to initiate much more than press releases – makes it easier for the leader to control his colleagues. One adviser who moved from opposition to government recalled the power of the leader's office: 'We had such fingertip control. Less people, but my God we had control'.<sup>30</sup>

<sup>24</sup> Interview, 2014

<sup>25</sup> Interview, 2014

<sup>26</sup> Blair, T., *A Journey*, London, 2010, p.107

<sup>27</sup> Hyman, P., *1 out of 10: From Downing Street vision to classroom reality*, London, 2005, p.69

<sup>28</sup> Powell, J., *The New Machiavelli: How to wield power in the modern world*, London, 2010, p.17

<sup>29</sup> Seldon, A., 'The heart of power', *Prospect*, 28 April 2010, retrieved 9 June 2014 from

<http://www.prospectmagazine.co.uk/magazine/anthony-seldon-inside-downing-street>

<sup>30</sup> Interview, 2014

Wilf Stevenson, an adviser in Number 10 under Brown and now a shadow spokesperson, described the difference between opposition and government as being from a pyramid to a circle.

When you are working in opposition, it is quite clear that the structure to which you adhere is a pyramid. There's someone at the top, and there are a lot of people all the way down to the bottom and they certainly know who they've got to get approval from when they're thinking about policy initiatives ... It is very very different from what you get into when you come into government, where the model is really a circle and that circle is the cabinet table ... where departments have far more power and authority than they ever knew that they could get and they use it.<sup>31</sup>

The situation is reversed in government. In the UK constitutional set-up, secretaries of state are the initiators and executors of government policy with entire departments working for them. Academic and peer Philip Norton describes them as being 'like medieval barons' who 'preside over their own, sometimes vast, policy territory' within which they are 'largely supreme'.<sup>32</sup> In his study of the New Labour government, Patrick Diamond notes that 'departments have entrenched cultures, as well as expertise, knowledge and bureaucratic resources enabling them to frustrate interventions from the centre'.<sup>33</sup> Departments can therefore resist the reform efforts of even a well-staffed and 'hyperactive' centre.<sup>34</sup>

This departmental resistance to prime ministerial predominance can manifest in a number of ways. First, through control of information. A Downing Street adviser described the need for 'Sherlock Holmes-like skills'<sup>35</sup> to extract information from departments and the Treasury – with a refusal in some cases to share even basic data on which policy is made. One of our interviewees called for an 'internal freedom of information act'.<sup>36</sup>

Second, departments work for the secretary of state, who may have an agenda at odds with the prime minister's. Departmental officials work in 'strong vertical structures'<sup>37</sup> and see their lines of accountability upwards within departments rather than into the centre. As time goes on, ministers and special advisers are increasingly preoccupied by their own records and legacies.

Probably 90% of cabinet ministers ... have got their own agendas and if you look at the life cycle of a government... in the back end of a period, you've got a situation where basically most cabinet ministers have decided what they're going to do and there isn't much scope for the centre influencing them. And that is because they've started stuff, or they are personally determined to do stuff, or they've explored how much notice they need to take of the centre and they've discovered its limits.<sup>38</sup>

Third, departments may be beholden to their own history and stakeholders. 'Their worldview is: who are the stakeholders at my back all the time? So it's a microcosmic world and it takes a strong politician to get out of the microcosm. And I'd say most of the officials would be

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<sup>31</sup> Interview, 2014

<sup>32</sup> Norton, P., 'Barons in a shrinking kingdom: Senior ministers in British government', *Transforming British Government*, vol 2, p.116

<sup>33</sup> Patrick Diamond, *Governing Britain*, London, 2014

<sup>34</sup> *Ibid.*

<sup>35</sup> Interview, 2014

<sup>36</sup> Roundtable, 2014

<sup>37</sup> Interview, 2014

<sup>38</sup> Interview, 2014

captured by them.<sup>39</sup> This can make it hard to take fresh approaches. Even if departments and their ministers are onside, centre veterans are sceptical about departments' ability to produce 'fresh thinking',<sup>40</sup> to 'think radically enough' and challenge the 'whole framework of policy'.<sup>41</sup>

## Relationships

While institutional relationships matter, so do personal and political ones. In theory, prime ministers can appoint whom they want from the talent available in the House of Commons or Lords to his cabinet, but in practice this is circumscribed by the power balance within the party at the time. Thatcher's first cabinet was full of prominent 'wets' and she could only promote allies after her 1983 landslide; Major had to put up with his 'bastards'; Blair and Brown both had to accommodate the opposing faction. Cameron has had to accommodate his Liberal Democrat coalition partners as well as deal with controversy over the number of female cabinet ministers.<sup>42</sup> Given the fact that even the most determined prime minister cannot run everything from Number 10, the power to appoint and dismiss ministers is 'one of the most potent weapons in the prime ministerial armoury'.<sup>43</sup>

Managing the relationship between Number 10 and the Treasury relationship was a constant theme in the Blair and Brown years, with a prime minister unable to remove a troublesome chancellor and instead having to find repeated compromises and workarounds. In contrast, the relationship under the current government was described to us 'in the most sort of benign place it's ever been'<sup>44</sup> by one civil servant in Number 10. However good personal relations are, there can still be policy differences between Number 10 and the Treasury, and departments can find themselves straddling an 'extraordinary policy fault line' between the two, as one former permanent secretary recalled, 'Number 10 asking us to do things which cost a lot of money, Treasury saying we are not going to give you any money'.<sup>45</sup>

## Parliament and the electoral cycle

Beyond the mandatory appearance at PMQs and big set-piece events such as the Budget and Queen's Speech debates, the amount of time and effort a prime minister has to devote to Parliament depends on the scale of the government's majority and the prime minister's strength within their own party. Under John Major, a disappearing majority after 1992 meant that parliamentary management had to occupy a huge amount of time and effort in Number 10. Those there at the time recognise with hindsight that beyond the party whips, political management was under-resourced, comprising of just a political secretary and an assistant.<sup>46</sup>

Conversely someone who experienced the change between Major and Blair noted that Blair's giant first term majority moved the focus of media interest away from Parliament

<sup>39</sup> Interview, 2014

<sup>40</sup> Interview, 2014

<sup>41</sup> Interview, 2014

<sup>42</sup> On several occasions David Cameron has been criticised for the ratio of men to women in his cabinet. See for example Morse, F., 'Where are all the women Cameron? Prime Minister taunted over Tories' all-male front bench at PMQs', *The Independent*, 5 February 2014, retrieved 9 June 2014 from <http://www.independent.co.uk/news/uk/politics/where-are-all-the-women-cameron-prime-minister-taunted-over-tories-all-male-front-bench-at-pmqs-9109346.html>

<sup>43</sup> Paun, A., *Shuffling the Pack*, Institute for Government, September 2012, retrieved 9 June 2014 from <http://www.instituteforgovernment.org.uk/publications/shuffling-pack>

<sup>44</sup> Interview, 2014

<sup>45</sup> Interview, 2014

<sup>46</sup> Roundtable, 2014



towards the daily lobby briefing. 'There was no sense that Parliament was where the action was, partly because there was such a big majority, so the press were more interested in drama elsewhere and looked for it in Alastair [Campbell]'s briefings. They became moments of theatre.'<sup>47</sup>

Prime ministers rely on their political office and their parliamentary private secretaries to keep in touch with backbench opinion.<sup>48</sup> Cameron has recently supplemented these traditional mechanisms with an MP to head the policy unit, Jo Johnson; a new 'Policy Board' of non-ministerial backbenchers to keep him better in touch with backbench opinion; and he has appointed John Hayes MP as Senior Parliamentary Adviser.<sup>49</sup>

The pressures on the prime minister and the centre change through the electoral cycle. Day one at Number 10 starts a count back to the next election. As the term proceeds the emphasis changes from policy initiation to making sure the things government said would happen do happen, and then to developing new policy for the next manifesto. There is a potential mismatch between power and popularity – which as Blair noted, tends to be highest after an election – and experience of how to work the system, which increases with time in office.<sup>50</sup>

The diagram below shows how the position of prime ministers – what they are trying to do and their power to do it – changes over the electoral cycle. This will inevitably affect both their priorities and the nature of support needed. For example, progress chasing becomes important in the second half of a parliament as does policy renewal for the next manifesto. Earlier on the emphasis is on translating committed policies into action.

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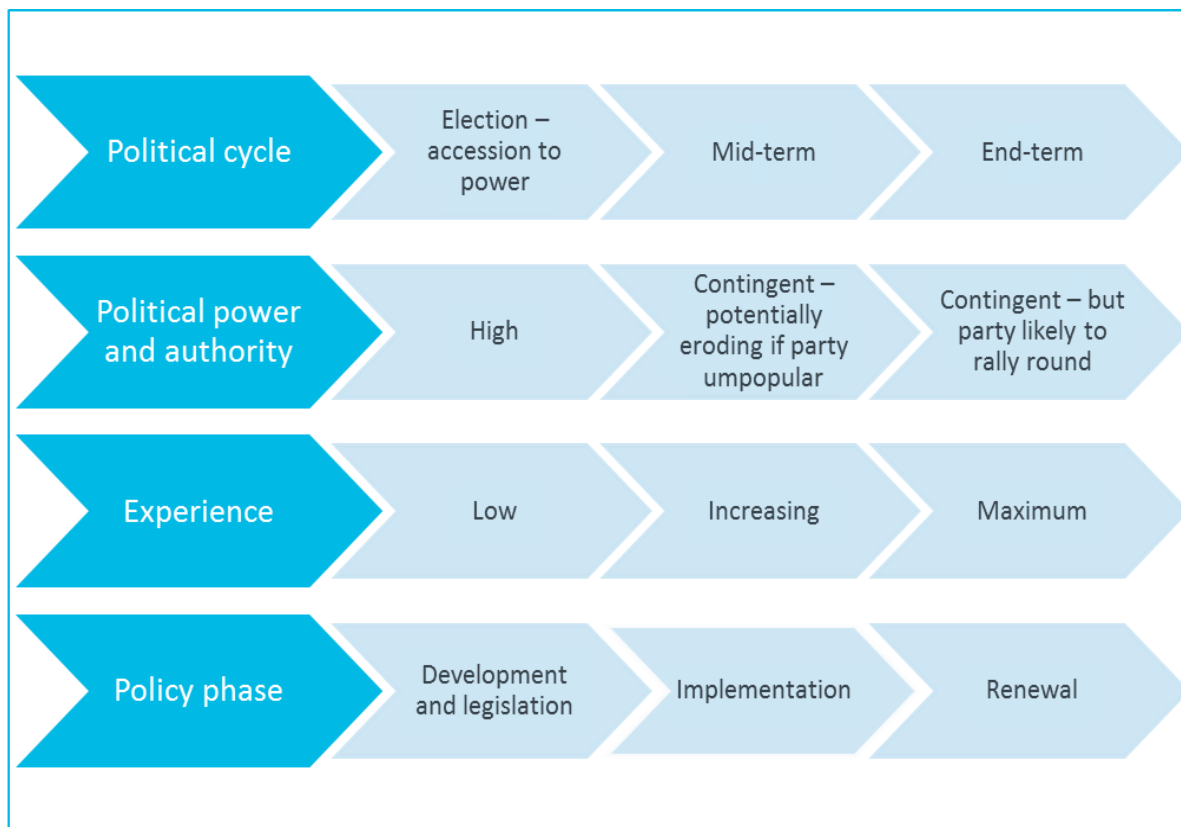
<sup>47</sup> Interview, 2014

<sup>48</sup> Department of Information Services, *Parliamentary Private Secretaries to Prime Ministers 1906-present*, Parliament UK website, 2013, retrieved 17 June 2014 from <http://www.parliament.uk/briefing-papers/SN06579.pdf>

<sup>49</sup> Dominiczak, P., 'John Hayes: David Cameron brings in a "minister for the back benches"', *The Telegraph*, 28 March 2013, retrieved 9 June 2014 from <http://www.telegraph.co.uk/news/politics/9958806/John-Hayes-David-Cameron-brings-in-a-minister-for-the-back-benches.html>

<sup>50</sup> Blair, T., *Leading transformation in the 21<sup>st</sup> century*, October 2012, retrieved 9 June 2014 from [http://www.mckinsey.com/insights/public\\_sector/leading\\_transformation\\_in\\_the\\_21st\\_century](http://www.mckinsey.com/insights/public_sector/leading_transformation_in_the_21st_century)

Figure 2: Prime ministers and the political cycle



### Crises and events

Rational time and agenda-planning can be blown out of the water by events. Crises can prove hugely time consuming for the centre, pulling in the top figures in government. 'Inevitably their time is spent on handling crises because modern government is all around daily communication crises and so on'.<sup>51</sup> These are impossible to delegate. During the Libyan crisis in 2011, the National Security Council chaired by the Prime Minister went from meeting weekly to meeting daily. The mechanisms for crisis management have been well established since the fuel price crisis in 2000 and are generally agreed to work effectively, but even the best process for managing crises cannot avoid the time and energy they divert from pursuing other priorities.

The consequence of these pulls is the repeat refrain from all our interviewees that in the centre the urgent tends to crowd out the important. Those working in Number 10 can find themselves buffeted from one thing to another without achieving their longer-term goals. The predominance of the urgent is most prevalent in the core policy support functions, the subject of the next chapter.

<sup>51</sup> Interview, 2014

### 3. Policy advice and support

You pick up a draft of a white paper on Friday lunchtime and by Monday morning you would have completely rewritten it. Then it would be about the PM saying to the secretary of state, I want this version not the other version. That was how the policy making process worked to some degree.<sup>52</sup>

Prime ministers need day-to-day policy advice to understand and shape what the government is doing, and to drive forward their own ideas. This requires monitoring what is happening across government and firefighting where needed; 'incremental policy development'<sup>53</sup> to develop solutions to problems; and making sure the prime minister's views are fed into policy deliberations across government.

Most policy development and almost all policy implementation take place through departments and their secretaries of state. Policy advice at the centre therefore requires information and intelligence gathering. Prime ministers 'should have [their] own sources of advice and support and briefing', rather than relying on what departments and cabinet ministers choose to tell them.<sup>54</sup> There needs to be capacity to 'partly man mark departments, finding out what on earth is going on, making sure there were no surprises'.<sup>55</sup>

As well as intelligence gathering, prime ministers need the capacity to intervene. One Canadian official described the role of policy advisers at the centre being to 'fall on hand grenades' – an apt description for the policy unit in the UK too.<sup>56</sup>

Prime ministers want to transmit their view to departments and departments want to ensure they have support from the centre. This two-way communication can be done formally, or informally by tapping into networks.

Finally, towards the end of the parliament, prime ministers need to develop thinking on new policy ideas for their manifesto.

#### Structures

The private office is one of the main points of continuity in support to prime ministers. Few have sought to change it, other than Tony Blair's brief merger of the private office and policy unit. Private office is principally transactional: its prime job is to manage the Whitehall paper flow and ensure the prime minister's views are fed into it. It provides the people in Number 10 'who can work the Whitehall network of ministerial private secretaries, take notes and issue official instructions'.<sup>57</sup> It is the connection between Number 10 and the rest of the Whitehall machine. Our interviewees regarded its role, as one senior Number 10 official put it, as 'absolutely clear, distinct, and unchanging really'.<sup>58</sup>

Since the 1970s, that capacity has been supplemented by a policy unit. There have been attempts to create additional longer-term problem-solving and challenge capacity, which we

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<sup>52</sup> Interview, 2014

<sup>53</sup> Interview, 2014

<sup>54</sup> Interview, 2014

<sup>55</sup> Roundtable, 2014

<sup>56</sup> Savoie, D., *Governing from the Centre: The concentration of power in Canadian politics*, Toronto, 1999

<sup>57</sup> Powell, J., *The New Machiavelli: How to wield power in the modern world*, London, 2010, p.97

<sup>58</sup> Interview, 2014

look at in the next section. The Cabinet Office secretariats also play a policy brokering role which we look at in Section 5.

## Evolution

The traditional assumption of the Westminster system was that the prime minister did not need independent policy advice because their role is to chair cabinet. To perform that role the support of the Cabinet Office secretariats and a civil servant-staffed private office should suffice.

However, prime ministers have always sought more independent advice – whether officially or informally.<sup>59</sup> From Harold Wilson onwards, a small number of politically-appointed policy advisers were brought into Number 10. Margaret Thatcher had a small domestic policy unit staffed by a mix of political appointees and civil servants under an ideologically committed head, though she relied very heavily on her foreign affairs private secretary for foreign policy advice. Until 1997 there was no dedicated analytic support for the policy unit.

Blair's first policy unit continued the model of political and civil service advisers. The political members were 'big hitters' who could go 'toe to toe' with secretaries of state on policy detail.<sup>60</sup> Blair himself thought his team in 1997 formed 'an unusually talented group of people'.<sup>61</sup>

As part of a wider attempt in 2001 to strengthen the centre for the second term, the policy unit was enlarged and combined with the private office to be a 'policy directorate' 'to take charge of the prime minister's day-to-day work and short-term policy advice'.<sup>62</sup> Sir Jeremy Heywood managed the directorate as Principal Private Secretary with Andrew Adonis as a political 'Head of Policy', with a special remit for education policy. The intention was to provide the prime minister with a single expert adviser on each subject rather than duplicate advice from both policy unit and private office.<sup>63</sup>

After 2005, the policy unit and private office were separated back out with private office officials retaining portfolio responsibilities on lower priority policy areas. The new policy unit head – David Bennett, a former McKinsey partner with little political background – was recruited via head-hunters to lead a new, more focused unit for the remainder of Blair's premiership. Matthew Taylor moved from heading the unit to be Head of Political Strategy – a new role created for him. David Bennett's title as Director of Policy and Strategy signalled a closer more directly commissioning relationship with the Prime Minister's Strategy Unit (PMSU).<sup>64</sup>

When Gordon Brown became prime minister in 2007, he swept away Blair's advisers and brought with him an established coterie of around 10 special advisers, most of whom had worked previously in departments or with Brown at the Treasury. Yet beyond the change in personnel the unit worked much as before, albeit with a greater focus on the economy due to the financial crisis from 2007 onwards. Extra economic expertise was brought into the Cabinet Office to supplement this advice.

<sup>59</sup> Blick, A. & Jones, G. *At Power's Elbow: Aides to the prime minister from Robert Walpole to David Cameron*, London, 2013

<sup>60</sup> Powell, J., *The New Machiavelli: How to wield power in the modern world*, London, 2010

<sup>61</sup> Blair, T., *A Journey*, London, 2010, p.24

<sup>62</sup> Seldon, A., *Blair Unbound*, London, 2007

<sup>63</sup> Seldon, A., *Blair*, London, 2004, p. 630; Seldon, A., *Blair Unbound*, London, 2007, p.35

<sup>64</sup> See next section for a fuller description of the Strategy Unit.

Cameron entered government having promised in successive speeches and the Conservative manifesto that he would 'put a limit on the number of special advisers'.<sup>65</sup> The first policy unit was small and, in the view of one Number 10 official at the time, 'didn't really exist if we are honest'<sup>66</sup> – just five advisers with a handful of staff providing analytical support. One person who saw the pre- and post-2010 units described the change as 'hierarchy to anarchy'.<sup>67</sup> Led by James O'Shaughnessy, by the autumn of 2010 the unit also included a Liberal Democrat as a result of the decision to have a joint political unit serving both PM and the deputy prime minister (DPM). In these early coalition days, political advisers even wrote briefings for their opposite party principals on their policy areas, though this was short-lived. The small size and split political identity meant that to one observer 'it wasn't like a cadre of people all sort of thinking of themselves as a policy unit as we recognised it either before or afterwards'.<sup>68</sup>

The government experienced a number of early policy reversals: the failure to spot the political problems created by the NHS reforms<sup>69</sup> and the u-turn precipitated by Defra's decision to meet its spending targets by 'privatising the forests'. In a 2012 interview, Cameron accepted that 'I didn't put in place a strong enough policy unit' on the grounds that 'we were so keen to get the Coalition going'.<sup>70</sup> Paul Kirby, a management consultant who had advised George Osborne in opposition, was brought in as head of a larger 'Policy and Implementation Unit' serving both PM and DPM with coverage across government departments in 2011. Nominally 'civil-servant' staffed and working to both party principals, several of the civil servants were external recruits.<sup>71</sup> When the PMSU was being broken up, a small group of its staff were re-designated as the 'analytics unit' to provide extra analytical support.<sup>72</sup>

Leadership of the joint unit was not always clear to those working alongside it. One close observer recalls that 'there was a bit of a power struggle for a while ... with Steve Hilton essentially trying to make himself the head of the policy unit and then Polly Mackenzie [one of Nick Clegg's key aides] trying to make herself joint head'.<sup>73</sup> In the view of another Number 10 adviser at the time, it was not clear who was leading the policy unit because 'the prime minister didn't want to decide who'.<sup>74</sup> Serving two masters in coalition was not easy. In 2013 the decision was taken to disband the Kirby-led policy unit in favour of a Conservative party-political unit serving the PM only.

<sup>65</sup> Conservative Party, *Invitation to Join the Government of Britain: The Conservative Manifesto 2010*, 2010, p.67

<sup>66</sup> Interview, 2014

<sup>67</sup> Roundtable, 2014

<sup>68</sup> Interview, 2014

<sup>69</sup> Timmins, N. *Never Again? The story of the Health and Social Care Act 2012*, Institute for Government, 2012, retrieved 9 June 2014 from <http://www.instituteforgovernment.org.uk/publications/never-again>

<sup>70</sup> Waugh, P., 'David Cameron Interview', *The House*, 12 January 2012, retrieved 9 June 2014 from [http://www.politicshome.com/uk/article/43542/david\\_cameron\\_interview.html](http://www.politicshome.com/uk/article/43542/david_cameron_interview.html)

<sup>71</sup> For example, Ben Moxham was recruited as Energy and Environment Adviser after working at a private equity group and BP; Tim Luke as Business, Trade and Innovation Adviser after a banking career; and Paul Bate, formerly of McKinsey's and 2020 Delivery – but also a Blair PMDU alumnus. Michael Lynas had formerly worked for the Conservatives on secondment from Bain & Co. These external recruitments to the Civil Service caused controversy at the time. Stratton, A., Labour says Government putting too many Tory allies in Civil Service, *The Guardian*, 8 November 2014, retrieved 17 June 2014 from <http://www.theguardian.com/politics/2010/nov/08/labour-government-tory-civil-service>

<sup>72</sup> Political and Constitutional Reform Committee, *The Role and Powers of the Prime Minister*, Supplementary written evidence submitted by Sir Gus O'Donnell KCB, Cabinet Secretary and Head of the Home Civil Service, 9 March 2011, retrieved 9 June 2014 from <http://www.publications.parliament.uk/pa/cm201011/cmselect/cmpolcon/writev/842/m11a.htm>

<sup>73</sup> Interview, 2014

<sup>74</sup> Roundtable, 2014

For the first time the current unit is headed by an MP, Jo Johnson who as a junior Cabinet Office minister is supported by a civil service deputy director. Most of the department leads in the unit are now special advisers but some officials remain, supported by a research and analysis unit of junior officials. Heavyweight political advisers have been recruited, such as Christopher Lockwood from the *Economist* as its new deputy head.<sup>75</sup> The unit is now focused on preparing policies which will form the basis of the next manifesto.

In this they are complemented by the 'Policy Board', which is a party-political body and therefore not formally part of the administrative centre.<sup>76</sup> This grouping of backbench MPs is intended to create a channel between the Conservative backbenches and Number 10, especially with a view to writing the 2015 manifesto.<sup>77</sup> The policy board sensibly makes use of the talented 2010 intake of Conservative MPs for which ministerial posts are unavailable. One Liberal Democrat adviser who observed the changes from close range commented:

Downing Street scored a real hit by bringing excellent MPs into the [Policy Board]. What Downing Street needs above all is political nous, not an ill-resourced ideas factory. In the likes of Jo Johnson, Margot James and others, they gained it, and quite possibly gave valuable training to stars of the future. This is a really great use of an under-tapped resource – the restless backbench government MP.<sup>78</sup>

It has also begun having an impact on current policy, with one board idea about making tenancies more stable for families included in Eric Pickles' 2013 party conference speech.<sup>79</sup> However, the board, which meets monthly, can only supplement and not replace the day-to-day advice function of the policy unit.

### Foreign affairs and security

The policy unit's strength has traditionally been in domestic policy. Some units have had advisers on European Union issues, and under Labour the policy unit took an interest in international development. During the policy directorate experiment (2001-05), a small unit of civil servant and political foreign policy advisers was set up. In general, however, prime ministers have relied much more on officials than external advisers for foreign affairs and security advice. This is because outside government it is hard to develop the networks or authority to become a key player. One of our interviewees said that in foreign policy 'you spend your life getting ready to be in your forties and fifties and a grand person'.<sup>80</sup> In the view of one senior official we spoke to, there are plenty of grand people already available for foreign affairs advice.<sup>81</sup>

Prime ministers traditionally looked to their foreign affairs private secretary and a senior diplomat based in Number 10 for advice on foreign and security issues. Historically, cabinet secretaries have played a crucial role in providing advice on security and intelligence too –

<sup>75</sup> Forsyth, J., 'Chris Lockwood to join new Number 10 Policy Unit', *The Spectator*, 29 April 2013, retrieved 9 June 2014 from <http://blogs.spectator.co.uk/coffeehouse/2013/04/chris-lockwood-to-join-new-number-10-policy-unit/>

<sup>76</sup> Cog017

<sup>77</sup> Macrory, S. 'Taking it on board: Insider No 10's Policy Unit', *Total Politics*, 8 October 2013, retrieved 9 June 2014 from <http://www.totalpolitics.com/articles/426727/taking-it-on-board-inside-no-10and39s-policy-unit.shtml>

<sup>78</sup> Private communication, 2014

<sup>79</sup> Hardman, I. 'Generation Rent' policy is first victory for Number 10 policy board', *The Spectator*, 1 October 2013, retrieved 9 June 2014 from <http://blogs.spectator.co.uk/coffeehouse/2013/10/eric-pickles-increases-support-for-generation-rent/>

<sup>80</sup> Interview, 2014

<sup>81</sup> Interview, 2014



especially Norman Brook (1947-1962) and Robert Armstrong (1979-1987). Thatcher came to rely heavily on Charles Powell, her Foreign Affairs Private Secretary from 1983.

Latterly the creation of the 'chief of staff' role and the decision to fill it with ex-diplomats in the form of Jonathan Powell (under Blair) and Ed Llewellyn (under Cameron) has given the prime minister another source of foreign affairs and security advice. Jonathan Powell, for example, played a significant personal role in the Northern Ireland peace process. Cameron does have a policy unit adviser covering defence but not a wider foreign affairs brief. Under Blair and Brown there were also advisers who looked after the development agenda in the policy unit. The DPM has a more junior special adviser covering the Foreign and Commonwealth Office (FCO), Ministry of Defence (MoD) and Department for International Development (DfID).

Prime ministers have been able to call on more personal support from the top foreign affairs advisers in the Cabinet Office – supported by their respective secretariats. Under Thatcher briefly and then again under Blair and ever since, the Downing Street adviser role has been combined with the head of secretariat position. This is in contrast to the separation on the domestic policy side. Under Blair, these advisers were supported by a small unit inside Number 10 as well as the Cabinet Office secretariat. In his view, this expanded support 'helped Downing Street to cope with the mounting burden of foreign policy challenges'<sup>82</sup>. In 2010, Cameron created the permanent-secretary-level post of National Security Adviser, (held successively by two top diplomats) who also heads the National Security Secretariat in the Cabinet Office. This is discussed further in Section 5.

### Supporting the deputy prime minister

One issue that had to be confronted early on was how to provide policy support to a deputy prime minister who had to safeguard Liberal Democrat interests across the whole policy agenda. In a report in September 2010, the Institute for Government recommended 'The deputy prime minister's private office should be strengthened, with a permanent-secretary-level official appointed at the head of the office, and with support from additional senior civil servants as private secretaries.'<sup>83</sup> The report also recommended the appointment of additional special advisers.

In October 2010, the deputy prime minister's office was overhauled and Chris Wormald – the Head of the Economic and Domestic Secretariat – was brought in as its head to 'boost [the DPM's] firepower inside Whitehall'.<sup>84</sup> Five political advisers were then appointed in 2011 to cover the government agenda.<sup>85</sup> Though formally the deputy prime minister's advisers, they originally worked for junior Liberal Democrat ministers, with desks and email addresses in departments as well as the Cabinet Office. Recently that group has done more work collectively as a de facto policy unit, along with dedicated DPM advisers. The entire group of special advisers, including departmental advisers, now meets fortnightly 'as a forum for discussing topical issues and stuff which we know are going to be priorities between now

<sup>82</sup> Blair, T., *A Journey*, London, 2010, p.339

<sup>83</sup> Paun, A., *United We Stand*, Institute for Government, September 2010

<sup>84</sup> Wintour, P., 'Nick Clegg shuffles private team to ease workload', *The Guardian*, 25 October 2010, retrieved 9 June 2014 from <http://www.theguardian.com/politics/2010/oct/25/nick-clegg-team-wormald-whitehall>

<sup>85</sup> A further adviser was recruited to help with House of Lords handling. Paun, A., 'Special Treatment? Why the Coalition is appointing more special advisers', Institute for Government blog, 18 October 2011, retrieved 9 June 2014 from <http://www.instituteforgovernment.org.uk/blog/3692/special-treatment-why-the-coalition-is-appointing-more-special-advisers/>



and the election and beyond'. A smaller group of senior advisers, chaired by David Laws, a Minister and close DPM adviser, meets weekly.<sup>86</sup>

These advisers add to the capacity which the DPM's office has retained since 2010, as what one civil servant who worked in it called a 'bet on the failure of the central policy unit'.<sup>87</sup> Some of this was focused on the DPM's policy concerns including constitutional reform, social mobility, and city deals. This includes a research and analysis unit which originally had six officials, and was recently supplemented with a further four mid-ranking policy advisers<sup>88</sup> to provide 'for the first time the capacity to do stuff across the whole spectrum of government policy'.<sup>89</sup> This reflects the effort to have special advisers providing comprehensive coverage of government departments. In addition to this support within his office, two 'grade fives' (deputy-director-level officials) have been recently recruited into the Cabinet Office to supplement existing support to the DPM in his role as chair of the Home Affairs Cabinet Committee.

Prime minister's policy unit portfolio allocations at March 2014 <sup>90</sup>	Deputy prime minister departmental special advisers allocations at October 2013 <sup>91</sup>
<ul style="list-style-type: none"> <li>• Business</li> <li>• Education and Young People</li> <li>• Health</li> <li>• Energy, environment and cost of living</li> <li>• Welfare and work</li> <li>• Housing and local government</li> <li>• Civil society and the Department of Culture, Media and Sport (DCMS)</li> <li>• Defence</li> <li>• Technology, life sciences and innovation</li> <li>• Scotland</li> </ul>	<ul style="list-style-type: none"> <li>• Department for Health and Department for Work and Pensions</li> <li>• Ministry of Defence, Foreign and Commonwealth Office, and Department for International Development</li> <li>• Cabinet Office, Departments for Education, and Culture, Media and Sport</li> <li>• Home Office and Ministry of Justice</li> <li>• Departments for Transport, Communities and Local Government and Environment, Food and Rural Affairs</li> </ul>

## Processes

The court environment at the centre creates a fluid and competitive dynamic for policy advice, with more regard given to the quality and availability of advice rather than the formal position of the person giving it. As one civil servant currently in Number 10 put it to us, 'Frankly you know, when there's a crisis the people that can perform then become the kind of go-to woman or man in the future'.<sup>92</sup> This competitive dynamic in policy advice to the prime minister is not new. As the policy unit gained significance under Thatcher, its members

<sup>86</sup> Interview, 2014

<sup>87</sup> Roundtable, 2014

<sup>88</sup> Two grade fives and two Band As.

<sup>89</sup> Interview, 2014

<sup>90</sup> *The House: Guide to No. 10*, March 2014

<sup>91</sup> HM Government, *Special Advisers in post on Friday 25 October 2013*, retrieved 9 June 2014 from

[https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/253081/SPAD\\_list\\_Live\\_UPDATE.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/253081/SPAD_list_Live_UPDATE.pdf)

<sup>92</sup> Interview, 2014

competed with the cabinet secretariat as to whose briefing would be used by the prime minister in cabinet discussions.<sup>93</sup>

Blair's policy directorate was an attempt to reduce competitive overlap between the private office and policy unit. It didn't work and was reversed. In Jonathan Powell's view, 'the two functions are critically different and you run the risk either of politicising civil servants or of being accused of taking the politics out of policymaking'.<sup>94</sup> The division of labour – with a more focused policy unit and the private office covering lower-priority areas and day-to-day problems – in the late Blair period seemed to work better.

The policy unit has tended to work more as a loose network of individuals responding both to departments and to prime ministerial interests than as a coherent collective effort. Individual policy unit members are allocated departments or topics to shadow, in part reflecting their expertise, but since there are more departments than PU members, they have to double up across areas. This in part reflects the choices of leadership of the unit, since many of those appointed to head it have not taken a particularly managerial approach, preferring to concentrate on their own advice to the prime minister rather than on organising the unit. How that advice is given – whether on paper (Cameron's preference) or face-to-face (Blair's) depends on the style of the prime minister.

One of the key things the policy unit can provide which the private office cannot is 'someone on the end of the phone ... a doorway to the rest of the world'. Engaging with outsiders also enables the policy unit to draw on expertise beyond what is available at the centre and become aware of external concerns. It also means the policy unit becomes a focal point for lobbyists.<sup>95</sup> Former policy unit adviser Dan Corry found talking to outsiders 'gave us the independent information to challenge departments'. Thatcher's policy unit was encouraged to spend one day a week outside the office to 'keep their fingers on the pulse' so they could be 'messengers from the real world' to Number 10.<sup>96</sup>

Rather than operate through prescribed formal processes, the ability to create networks inside and outside government is a precondition of success for policy unit advisers. Those networks depend partly on their background: political appointees tend to reach for the special adviser network. As one former adviser put it to us, 'given that most policy unit people are quite junior, it's pretty obvious that they're going to make relationships with spads as that's who they know'.<sup>97</sup> Civil service members connect to their counterparts, and a significantly senior policy unit head can deal directly with secretaries of state and permanent secretaries.

The Coalition experiment with a joint unit proved a challenge for those providing advice to two principals. The most effective policy unit members 'had a Chinese wall which ran through their own heads', so they could provide different advice to both PM and DPM which

<sup>93</sup> Lee, J.M., Jones, G.W., & Burnham, J., *At the Centre of Whitehall: Advising the prime minister and cabinet*, London, 1998, p.119

<sup>94</sup> Powell, J., *The New Machiavelli: How to wield power in the modern world*, London, 2010, p.97

<sup>95</sup> For example, Nick Seddon, a Policy Unit Special Adviser covering health and social care, met with organisations including Macmillan, Imperial College, the Wellcome Trust, Shelford Group hospitals, and PWC, in the last three months of 2013. Retrieved 9 June 2014 from

[https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/314059/PMSpadstransparencyreturns\\_octdec13\\_final.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/314059/PMSpadstransparencyreturns_octdec13_final.pdf)

<sup>96</sup> Lee, J.M., Jones, G.W., Burnham, J., *At the Centre of Whitehall: Advising the prime minister and cabinet*, London, 1998

<sup>97</sup> Interview, 2014

didn't give away the other's negotiating position.<sup>98</sup> One observer remembers how a Policy Unit official would 'need to partition her brain so that what she knew about the negotiating position of one side was not disclosed to the other', and one unit member described it as being like 'playing chess against yourself'.<sup>99</sup> This sometimes confused rather than clarified negotiations. On one occasion the PM and DPM agreed a position on the basis of the papers they'd been given, only to have to be told by their officials that the papers, written by the same person, had concluded with different recommendations.<sup>100</sup> A joint unit was always going to find it hard to survive a move to more political differentiation as the government looked more towards competing at the next election than implementing the Coalition's agreed programme.<sup>101</sup> The experience suggests that a joint unit in Number 10 would always look towards the prime minister. 'If it's in the PM's office it will look to the PM first and foremost'.<sup>102</sup>

## People

There is a relatively settled model for the private office: a principal private secretary; a couple of foreign affairs private secretaries and more junior private secretaries<sup>103</sup> covering economic issues and a collection of "home" departments, and a parliamentary affairs private secretary. They are drawn from a range of government departments to which, after a couple of years, they often return.

There are two developments to note about the way in which private office has evolved so that its role now extends beyond short-term policy advice.

First, Tony Blair appointed Jonathan Powell, a former diplomat who had worked with him in opposition, as Chief of Staff – a post Powell held on to for Blair's entire tenure. Observing John Major's Number 10, Blair's team thought 'there was no one below the prime minister who brought together all the different parts of the office, and the prime minister himself had to arbitrate between competing factions'.<sup>104</sup> A chief of staff could, Powell reasoned, 'co-ordinate the political and the civil service sides, the press and policy, and the domestic and foreign'.<sup>105</sup> The role was so critical to his centre that Blair later stated that he 'could not believe, and still don't, that my predecessors did not have a de facto chief of staff'.<sup>106</sup>

The chief of staff – along with Communications Director, Alastair Campbell, the other powerful Downing Street adviser in the early Blair years – was, exceptionally, allowed to give orders to civil servants to enable them to command both political and civil service resources. Brown briefly had an externally-appointed Chief of Staff, Stephen Carter, but he had neither the personal relationship with the prime minister, experience of Whitehall or party background to make this a success.<sup>107</sup> His job was effectively taken over by Blair's former PPS, Sir Jeremy Heywood, in a role created specifically for him: permanent secretary of

<sup>98</sup> Interview, 2014

<sup>99</sup> Interview, 2014

<sup>100</sup> Roundtable, 2014

<sup>101</sup> Paun, A., & Halifax, S., *A Game of Two Halves*, Institute for Government, 2012, retrieved 9 June 2014 from <http://www.instituteforgovernment.org.uk/publications/game-two-halves>

<sup>102</sup> Interview, 2014

<sup>103</sup> Between Grade 5 and Grade 7

<sup>104</sup> Powell, J., *The New Machiavelli: How to wield power in the modern world*, London, 2010, p.86

<sup>105</sup> *Ibid.*

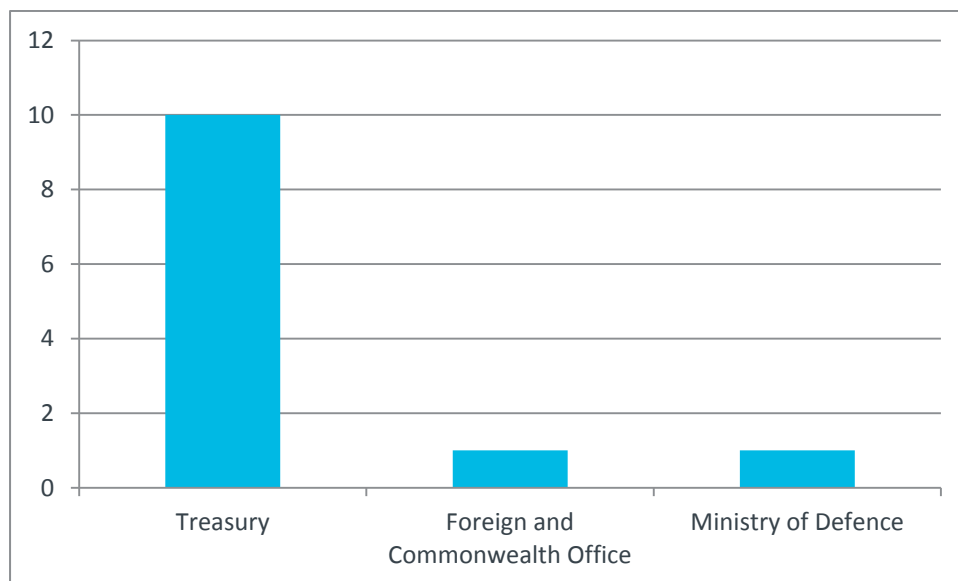
<sup>106</sup> Blair, T., *A Journey*, London, 2010, p.17

<sup>107</sup> Seldon, A., & Lodge, G. *Brown at 10*, London, 2010

Number 10. Heywood continued in that role even when Cameron replicated the Blair model by appointing another former diplomat, Ed Llewellyn, as his Chief of Staff. The permanent secretary position only disappeared when Heywood became Cabinet Secretary, continuing his function as principal official adviser to the prime minister.

When Jonathan Powell was first appointed, Alex Allan, the outgoing PPS, was not initially replaced. That left a significant gap in the management of Number 10, so the role was recreated. Current PPS Chris Martin sees one of his prime responsibilities as managing the 200 or so civil servants who work there, including 'making sure that there are appraisals and that all the civil service practices that need to run, run properly'.<sup>108</sup>

**Figure 3: Primary departmental background of Principal Private Secretaries to the Prime Minister, 1979-2014<sup>109</sup>**



The second significant development is the hold the Treasury has on the PPS position. Thatcher's first PPS was Clive Whitmore, a Ministry of Defence official. Since then every PPS but one<sup>110</sup> has been from the Treasury. A Number 10 insider explained:

There are many reasons why the principal private secretary has almost always got a Treasury background. A lot of that is to do with the relationship between Number 10 and Number 11 ... The Treasury is pretty much the only place where there's people who've got a good background across all the different things the government does ... [The Treasury] promotes talent really quickly and gives people a lot of responsibility, so Treasury people at a typical grade are on average much more ready to run in the way you need to round here to be effective.<sup>111</sup>

The same interviewee conceded that there might be similarly well-qualified people in other departments, but that 'there's probably a bit of selection bias'.<sup>112</sup>

<sup>108</sup> Interview, 2014

<sup>109</sup> Source: Interviews; *Civil Service Yearbook*; GOV.UK.

<sup>110</sup> John Holmes, 1997-1999, who took on these responsibilities in addition to being Foreign Affairs Private Secretary when Alex Allan left.

<sup>111</sup> Interview, 2014

<sup>112</sup> Interview, 2014

Of all the support structures around the prime minister, the success of the policy unit critically depends on the people in it. That has two implications: first although it is tempting to think more resource for the prime minister will be better, there are rapidly diminishing returns on putting this resource in the policy unit. UK experience suggests the larger the policy unit, the more dispersed its authority. Blair experimented with a large unit and found it unwieldy. Cameron's experiment with a very small unit left Number 10 underpowered. One Number 10 official said:

It's got to be small enough so that all of the people in it get to know the prime minister and know his style, and can authentically represent his views ... sometimes the policy unit has got too big, or it's ended up being too many juniors who are pretending to be in the policy unit but aren't.<sup>113</sup>

This was a particular problem with the mid-2000s policy directorate model. The merged policy unit and private office meant there were over 20 people who could claim to be part of the policy directorate, double the normal policy unit size. Junior staff used the residual authority of a Number 10 desk to pursue departments on 'byzantine lower-tier issues'.<sup>114</sup> Jonathan Powell, Chief of Staff at the time, said this 'led to confusion and complaints' as departments had to sift through which instructions in the prime minister's name really were from him, and which could be safely ignored.<sup>115</sup> While senior civil servants could usually identify what was a genuine prime ministerial request, more junior departmental officials were often approached directly. Having a clearly designated analytic function seems to be a better way of increasing support to the unit capacity without risking confusion by increasing its size directly.

Second though, the policy unit's success highly depends on the quality of the individuals in it and their ability to represent the prime minister to the rest of Whitehall and beyond. Credibility is essential, and personal. One former senior adviser, reflecting on representing the prime minister in multilateral negotiations, said:

You have to know what the principal wants. You have to have the principal's authority, so when you say in a meeting, 'My boss won't wear that', clearly they know.<sup>116</sup>

This applies equally to the policy unit representing the prime minister.

Policy unit members need either to be seen as close to the prime minister and able to gauge his views on an issue accurately, or bring individual expertise and insight to an issue. Ideally they ideal can do both.

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<sup>113</sup> Interview, 2014

<sup>114</sup> Interview, 2014

<sup>115</sup> Powell, J., *The New Machiavelli: How to wield power in the modern world*, London, 2010, p.96

<sup>116</sup> Interview, 2014

Figure 4: Policy unit heads since 1979<sup>117</sup>

Prime Minister	Head	Tenure	Career	Immediately previous job
<b>Thatcher</b>	John Hoskyns	1979-82	Military, business	Policy Adviser to Thatcher, Shadow cabinet (1975-9)
<b>Thatcher</b>	Ferdinand Mount	1982-83	Novelist, political journalist, CPRS	Journalist
<b>Thatcher</b>	John Redwood	1983-85	Merchant banker, academic	Director NM Rothschild
<b>Thatcher</b>	Brian Griffiths	1985-90	Academic	Dean, City University Business School
<b>Major</b>	Sarah Hogg	1990-95	Economics journalist	Economics Editor, The Independent
<b>Major</b>	Norman Blackwell	1995-97	Management consultant, Policy Unit	Partner, McKinsey
<b>Blair</b>	David Miliband	1997-2001	Policy researcher	Head of Policy, Labour party (1994-7)
<b>Blair</b>	Andrew Adonis	2001-05	Academic, journalist	Member Number 10 policy unit since 1997
<b>Blair</b>	Matthew Taylor	2005	Academic, Labour party official	Director, IPPR
<b>Blair</b>	David Bennett	2005-07	Management consultant	Director, McKinsey
<b>Brown</b>	Dan Corry	2007-08	Think tank economist, special adviser	Chair of Council of Economic Advisers, HM Treasury (2006-7)
<b>Brown</b>	Nick Pearce	2008-10	Think tank, special adviser	Director IPPR, policy unit 2007
<b>Cameron</b>	James O'Shaughnessy	2010-11	Think tanks, Conservative adviser	Director of Conservative Research Department, 2007-2010
<b>Cameron</b>	Paul Kirby	2011-13	Consultant, Cabinet Office, adviser to Conservative shadow chancellor	Partner, KPMG
<b>Cameron</b>	Jo Johnson MP	2013-	Banker, journalist	MP (2010-current)

A heavyweight head of policy is important to ensure the unit remains closely aligned to the prime minister, which both gives them authority in the rest of Whitehall and means the PM is properly supported by them on priorities. Jonathan Powell, Blair's long-standing Chief of Staff, described the 'perfect' head of policy as someone 'very close to the prime minister, politically astute, a rigorous and disciplined policymaker not too anchored in one field, but

<sup>117</sup> Between 2001 and 2005, the Policy Unit and Private Office were combined to form the Policy Directorate which was headed by Sir Jeremy Heywood, with Andrew Adonis as Head of Policy. The table is based on Institute for Government analysis of various sources including Yong, B., & Hazell, R. *Special Advisers: Who they are, what they do and why they matter*, London, 2014.

taken seriously by civil servants and ministers alike'.<sup>118</sup> It's a good top-level job description, though as Powell admits, 'I am not sure such a person has yet been born'.<sup>119</sup>

First-term heads of policy have often worked in opposition for the leader, which can help ensure the unit is closely connected to the government's priorities. Both James O'Shaughnessy, Cameron's first head of policy in government, and his Liberal Democrat counterpart Polly Mackenzie, worked for Cameron and Clegg respectively before. David Miliband was Blair's head of policy in Opposition from 1994 and led the policy unit until 2001.<sup>120</sup>

Serious thought was given in the late 1990s to a different sort of policy unit head. Terry Burns and Rachel Lomax, both permanent secretaries, were considered.<sup>121</sup> Clive Hollick, a Labour supporting businessman was approached too.<sup>122</sup> Another candidate was Neil Kinnock's former press secretary, Patricia Hewitt, though her election as MP in 1997 was seen as an obstacle.<sup>123</sup>

Blair did ultimately get a more business-minded outsider when David Bennett was recruited via headhunters from McKinsey as unit head in 2005. He was engaged as an 'expert adviser' – a solution devised by Lord (Andrew) Turnbull, then Cabinet Secretary, for political but non-partisan appointments.<sup>124</sup> This meant that Bennett, unlike regular civil servants, could be present for political discussions which were 'extremely valuable in understanding the priorities'.<sup>125</sup> Blair later acknowledged that Bennett was 'a total outsider, and I think at points found the whole political experience alarming, but ... as I had wanted, brought an outsider's expertise and different perception analysis to bear'.<sup>126</sup> Similarly, Paul Kirby was recruited from KPMG in 2011, though he had worked with the Conservatives previously. Appointing an active politician to head the PU, as Cameron has done, opens up a new possibilities for identifying candidates to lead the unit. As long as they are close to the prime minister, capable, and not yearning for a ministerial career in a department, there is no reason why a MP should be excluded.

Since the expansion of the unit under Thatcher, prime ministers have opted for policy units which mix of civil servants and politically-appointed special advisers, with the latter predominating. Most people felt that blend worked. One civil servant currently working at the centre believed that 'the more that is integrated, observing all the due proprieties, the better ultimately for good government because you are ensuring that the political thinking is informed by sensible policy advice'.<sup>127</sup> The civil servants are usually assigned to the less politically salient briefs and have to stand aside from manifesto preparation.

But politically neutral cannot mean lacking political nous. The judgements Number 10 has to make are inherently political. One of our interviewees articulated a more general concern

<sup>118</sup> Powell, J., *The New Machiavelli: How to wield power in the modern world*, London, 2010, p.97

<sup>119</sup> *Ibid.*

<sup>120</sup> Blair did not confirm David Miliband in post until May 1998, while he looked for a different head on the grounds that Miliband 'wasn't convinced he was New Labour enough'. *Ibid.* p.96

<sup>121</sup> Seldon, A., *Blair*, London, 2004, p.438; Interview, 2014

<sup>122</sup> Interview, 2014

<sup>123</sup> Seldon, A., *Blair*, London, 2004, p.438

<sup>124</sup> Interview, 2014

<sup>125</sup> Interview, 2014

<sup>126</sup> Blair, T., *A Journey*, London, 2010, p.624

<sup>127</sup> Interview, 2014



about a lack of nous in the non-political policy unit which was ‘basically asking a bunch of apolitical people to be both technically on top of the brief and in touch with political objectives’. This was a difficult combination of roles, and so ‘it’s no surprise there have been a number of political misjudgements under coalition government because during that phase [of a joint non-political policy unit] no one was actually applying political advice’.<sup>128</sup> Civil servants may also find it harder to broker deals through political networks.

### **Integrated or separate?**

Other systems have a much clearer demarcation between political and civil service advice. The UK blended system is the outlier. In Australia, aside from a few departmental liaison officers, the Prime Minister’s Office (PMO) is wholly partisan, based in the Australian parliament building and made up of 56 advisers. The Department for Prime Minister and Cabinet (PM&C) is a separate, much larger public service department which exists to provide policy advice to the prime minister and cabinet on domestic and international affairs, and plays a strong role in cross-government co-ordination, policy implementation, commonwealth-state relationships, and a whole range of administrative services. If the PMO’s loyal partisans are there to serve the individual, the PM&C serves the position of prime minister.

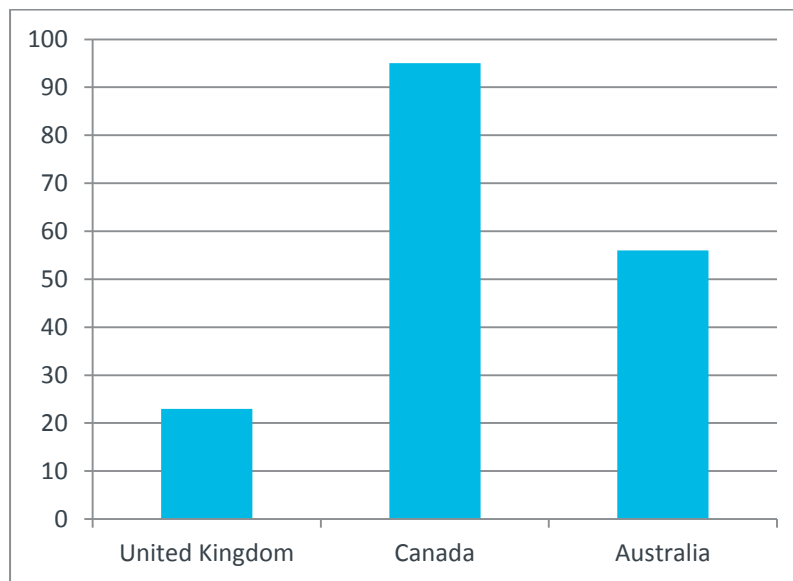
The same division exists in Canada too, with a partisan PMO headed by a chief of staff and a separate non-partisan Privy Council Office (PCO). The PCO is the Canadian government’s central policy advice and co-ordination body. ‘The nerve centre of the federal public services’.<sup>129</sup> It has over 500 full-time-equivalent staff assigned to advising the prime minister, with a further 107 supporting cabinet processes, able to provide the expert advice and continuity of experience which a public service advisory function can offer. The partisan prime minister’s office has around 95 politically appointed staff, headed by a chief of staff, and focuses on politics and communications. Though this number seems high compared to Australia and the UK, it includes administrative staff and others – not just policy and press advisers.

There are advantages to the Canadian and Australian prime ministers from having a substantial policy resource, especially when competing with their cabinet colleagues and rivals. But the institutional and geographic separation between political advisers and public service support can create problems. It can make it harder for the public servants to know the mind of the prime minister on an issue, and the mediated access through political staff – sometimes very inexperienced, fiercely partisan, and with their own agendas – risks creating what former head of the Australian public service Terry Moran has called an ‘accountability black hole’.

<sup>128</sup> Roundtable, 2014

<sup>129</sup> Savoie, D., *Governing from the Centre: The Concentration of Power in Canadian Politics*, Toronto, 1999, p109

Figure 5: Politically appointed staff in the prime minister's office<sup>130</sup>



Policy expertise is important, but breadth is important too. 'What you don't want are micro people, that's hopeless'.<sup>131</sup> For politically appointed advisers, 'people have to be quite significant figures, so they can be politically very astute if they haven't got technical knowledge, or they can be technically very good provided they've got breadth'.<sup>132</sup> Having heavyweight advisers is important to enable Number 10 to probe and challenge departments credibly on prime ministerial priority areas. 'You probably need four or five people [who] are big enough figures to be able to go toe to toe with the secretary of state and his or her chief advisers'.<sup>133</sup> On second-tier issues, you can afford to have 'up-and-coming generalists who can cover some of the less politically salient portfolios'.<sup>134</sup>

But whatever the desirable characteristics of policy unit members, one big challenge may simply be recruiting them. Fraser Nelson, editor of *The Spectator*, speaking at an Institute for Government event, argued that the Conservative centre in 2010 had been politically underpowered because key aides like Nick Boles (who might otherwise have had Number 10 jobs) found safe seats as a result of expenses-related retirements and deselections.<sup>135</sup> It can be a problem as the initial tranche of close aides who came in with a prime minister go off to pursue their own careers.<sup>136</sup> There is an argument for greater professionalisation of policy unit recruitment. Most prime ministers have wanted a range of capacities and

<sup>130</sup> Source: United Kingdom: HM Government, *Special Advisers in post on Friday 25 October 2013*, retrieved 9 June 2014 from [https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/253081/SPAD\\_list\\_Live\\_UPDATE.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/253081/SPAD_list_Live_UPDATE.pdf); Canada: Private communication with Canadian government officials – NB. It is very difficult to find definite figures for the Canadian PMO, a recent news article claimed that PMO ranged in size from 82 to 105 employees under the Harper government since 2006, retrieved 20 June 2014 from . <http://news.nationalpost.com/2014/04/21/pmo-has-paid-more-than-4-1m-in-severance-to-departing-employees-since-harper-took-office/>; Australia: Table 9: Government personal positions as at 26 June 2013, Department of Finance, *Members of Parliament (Staff) Act 1984 – Annual Report 2012-13*, retrieved 9 June 2014 from [http://www.finance.gov.au/publications/mops\\_annual\\_reports/2012-2013/13-personal-employee-allocations.html](http://www.finance.gov.au/publications/mops_annual_reports/2012-2013/13-personal-employee-allocations.html)

<sup>131</sup> Interview, 2014

<sup>132</sup> Interview, 2014

<sup>133</sup> Interview, 2014

<sup>134</sup> Interview, 2014

<sup>135</sup> Fraser Nelson proposed this argument at an Institute for Government discussion about how to organise Downing Street on 9 April 2013. Video of the event is available: *The Engine Room: How to organise 10 Downing Street*, Institute for Government, 2013, retrieved 17 June 2014 from <http://www.instituteforgovernment.org.uk/events/engine-room-how-organise-10-downing-street>

<sup>136</sup> Powell, J., *The New Machiavelli: How to wield power in the modern world*, London, 2010

backgrounds. It could be worthwhile for future prime ministers to replicate Blair's use of headhunters, or at least a more open talent trawl, to draw policy unit members from a wider pool.

Wherever advisers come from, they need to be given time to become effective. Those brought in from outside with no established relationship with the prime minister face a particular challenge. One described it as 'terrifying' to be verbally briefing the country's leader, and found it hard to adjust to Whitehall's working style.<sup>137</sup> The Blair and Brown policy units drew heavily on people who had been advisers in other departments or who had had a less fearsome initial introduction in the strategy unit.

## Assessment

The UK has evolved a model which bolsters the prime minister's first support line in the private office with a second support line in the policy unit. The private office deals with the immediate, day-to-day transactions between the prime minister and Whitehall. The policy unit operates on a slightly longer time frame, but only in terms of days rather than hours. Located in Downing Street, the unit is deeply affected by the pull of short-term pressures, and it is difficult to get space for longer term policy thinking.

On domestic issues, most power in Whitehall rests with departments. The ability of Number 10 to drive departments to act, rather than stopping them, is limited. Departments still have the legal authority to act, the knowledge and the levers – including the budget. Andrew Adonis talks of his single-minded focus on driving academies as a way to transform mediocre schools as 'a slow and tough ordeal' which required him to 'focus on one objective above all'.<sup>138</sup> This was under a prime minister who prioritised education.

At a minimum, a prime minister needs a well-functioning policy unit working in effective collaboration, not competition, with the private office. But it is clear that the policy unit can be used for different purposes, such as:

- an intelligence gathering and political 'firefighting' unit;
- a broadcaster of prime ministerial views through the official and special adviser networks, making sure departments align their activities with the wider government narrative.
- a policy entrepreneur developing and pursuing particular priorities

Most of the time, policy unit members will need to operate in the first and second modes. These are not optional. There will be issues where the prime minister has less interest, or is more confident in their secretary of state, in which case the first mode will predominate. At other times the second will be essential. The third mode cannot substitute for the earlier two modes which need to be continued, either by the policy unit or private office. It is possible to use people who are not politically active or partisan in the policy unit, but they need to have the ability both to spot potential clangers and to work to integrate policy with the prime minister's wider narrative.

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<sup>137</sup> Roundtable, 2014

<sup>138</sup> Adonis, A., *Education, Education, Education: Reforming England's Schools*, London, 2012

Policy advisers at the centre only derive their authority and credibility from their ability to lay claim to represent the prime minister. They need to be close enough to the prime minister to be able to speak authentically on his behalf. Access is not difficult for the private office, but harder for policy unit officials who also need to be able to build good networks across government, ideally both at official and political level and be an effective external interlocutor with think tanks and interest groups. The demands of servicing immediate prime ministerial needs means that finding time to build these networks can be hard.

Using an MP as policy unit head and creating a political policy board to connect into backbench thinking is an interesting innovation. But there is a risk that making the Policy Unit head a ministerial position on a more permanent basis would risk creating rivalries with ministers in departments. While working at the centre can be helpful for a civil service or adviser career, would-be ministers tend to see their careers in departments. The experience of both Blair and Brown is that close advisers who become MPs tend to prefer to hold office in their own right than acting as enforcers or chiefs of staff for the prime minister. But finding a way of supplementing Number 10's internal resource with under-used parliamentary political talent is sensible.

Below we set out some design considerations that the prime minister and his closest advisers should bear in mind.

#### **Design considerations for the prime minister/chief of staff/PPS: Policy advice and support**

##### **Structures**

- Keep the current combination of a civil-service-staffed private office alongside a relatively compact policy unit. This must have enough coverage to perform the intelligence gathering and firefighting role
- Think how to tap into wider networks of policy thinking, including backbenchers
- Consider appointing a trusted political chief of staff as Blair and Cameron did, who can integrate advice across the prime ministerial roles

##### **Processes**

- Ensure that there is clear differentiation of roles, or at least good and trusting working relationships, between them and the principal private secretary, head of policy, and cabinet secretary

##### **People**

- Recognise that a mixture of skills and perspectives is more likely to provide rounded policy advice and challenge to you
- Appoint a policy unit head who has your confidence and authority, and can work with secretaries of state, but who is also prepared to manage the unit professionally to make it more than the sum of its parts. Look beyond normal circles for the unit head to include business and the parliamentary party
- Ensure key individuals are selected carefully to work on your four-to-five top priority policy areas. These needn't be experts, but do need to be credible people who will be

able to carry weight with the target departments and external stakeholders

- Lower key briefs can be covered by civil servants or remain in the private office, but ensure they know that political, but not partisan, judgement should be properly exercised
- Create access to dedicated analytic support for the policy unit to ensure its interventions are well founded and it has an alternative source of analysis to departments
- Consider ways of recruiting advisers from a wider pool than party or personal networks, including using headhunters
- Ensure there are arrangements for induction and rapid integration of new recruits from outside to enable them to move up their learning curve effectively

Political advisers play a particularly important role in coalition. Joint working can set the right early collaborative tone – but ultimately both prime minister and junior coalition partner will want people working for them and protecting and promoting their interests. Separate units look the more sustainable solution – though that need not rule out joint working on specific shared interests.

The Downing Street operation is only part of the policy support operation around the prime minister. The policy unit is not as transactional and immediate as private office, but is still not the right place to develop long-term policy or chew on difficult problems requiring significant analytical heft or time. There simply isn't the resource or time as the focus is on fixing immediate problems. This is particularly acute when the unit is dealing with a crisis. Brown's team were absorbed in tackling the financial crisis and found that with the 10 or so members 'there wasn't enough time, there weren't enough people'. In the next section we look at the ways prime ministers have sought to create capacity for longer-term policy development and direction setting.

## 4. Long-term policy development

All successful governments have created spaces for thought, learning, and reflection to resist the tyranny of the immediate.<sup>139</sup>

Policy support to the prime minister discussed in the previous chapter operates on very short-term time horizons. The challenge is ‘whether this short-term focus is balanced by a countervailing strategic force’ which enables long-term thinking to take place too.<sup>140</sup> This is not a new problem. Edward Heath identified it in 1970.

For lack of such a clear definition of strategic purpose, and under the pressures of the day-to-day problems immediately before them, governments are always at some risk of losing sight of the need to consider the totality of their current policies in relation to their longer-term objectives. And they may pay too little attention to the difficult, but critical, task of evaluating as objectively as possible the alternative policy options and priorities open to them.<sup>141</sup>

The second weakness of policy support to the prime minister is that incremental policy advice and development – and political brokering – can find it difficult to break out of the existing framework. ‘But what if the whole framework is wrong?’<sup>142</sup> The centre may want to challenge entrenched departmental views and ministers who believe in them. Lord (Richard) Wilson, Cabinet Secretary between 1998 and 2002, said, ‘All government departments of every generation get set in their own ways of thinking ... they need challenge’.<sup>143</sup> This is especially true when governments, as they almost all do at some point, ‘begin to experience diminishing returns from the existing policy agenda’.<sup>144</sup> This does not just require a new shopping list of policy ideas, but forms an ‘age-old quest for intellectual renewal in office’.<sup>145</sup> The need is not only for ‘new ideas about this or new ideas about that, but some new way of framing the challenge’.<sup>146</sup> This can be done by the policy unit, but the day-to-day firefighting and incremental work takes priority, and they may ‘become owners of the status quo after a couple of years working in Number 10’.<sup>147</sup>

The third set of problems that the conventional machinery finds it hard to grapple with is cross-cutting problems which fall between departmental gaps. Frustration at the number of issues seen as falling between the gaps of Whitehall departments drove the creation of central units, and many projects undertaken by the different ‘strategy units’. For example, an early project in 2000 looked at adoption which typically fell between the education, local government and health portfolios.<sup>148</sup>

<sup>139</sup> Mulgan, G. *The Art of Public Strategy*, Oxford, 2009

<sup>140</sup> Kelly, G., ‘The prime minister needs to think long’, *Financial Times*, 29 February 2012, <http://www.ft.com/cms/s/0/b014d946-62c6-11e1-9445-00144feabdc0.html>

<sup>141</sup> White Paper on the Reorganisation of Central Government, 14 October 1970, Para.45

<sup>142</sup> Interview, 2014

<sup>143</sup> Interview, 2014

<sup>144</sup> Interview, 2014

<sup>145</sup> Kelly, G., ‘The prime minister needs to think long’, *Financial Times*, 29 February 2012, <http://www.ft.com/cms/s/0/b014d946-62c6-11e1-9445-00144feabdc0.html>

<sup>146</sup> Interview, 2014

<sup>147</sup> Interview, 2014

<sup>148</sup> Prime Minister’s Strategy Unit, *Prime Minister’s Review of Adoption*, July 2000, retrieved 9 June 2014 from [http://webarchive.nationalarchives.gov.uk/20060715135117/http://strategy.gov.uk/work\\_areas/adoption/index.asp](http://webarchive.nationalarchives.gov.uk/20060715135117/http://strategy.gov.uk/work_areas/adoption/index.asp)

## Structures

This capacity to think more long term at the centre of government has continually changed. Like much of the centre, this has not followed a clear trend but has been ‘extraordinarily reactive’ to what individual prime ministers have wanted.<sup>149</sup> Some prime ministers have felt no need for it at all.

## Evolution

The first prime minister to resource an overt strategy function as we would understand it was Sir Edward Heath who created the Central Policy Review Staff (CPRS) in 1971 for the ‘task of relating individual departmental policies to the government’s strategy as a whole’.<sup>150</sup> Initially, some had wanted a different structure in the centre, one that would better support the prime minister in policy advice, but also a separate body that could look across government and undertake strategic planning.<sup>151</sup> The CPRS was a compromise. It became a body containing a relatively small team of up-and-coming civil servants and outsiders, led by a charismatic heavy-weight businessman, Victor Rothschild whose appointment determined its final design. Based in the Cabinet Office, for a time it produced engaging and influential confidential advice on issues ranging from Concorde and nuclear safety to presenting information better to ministers.<sup>152</sup> It had some real impact on policy. For example, it was CPRS which challenged the policy of giving away licences for North Sea oil extraction.<sup>153</sup> Although it was set up by Heath, it survived under the next two Labour prime ministers. In 1983, Margaret Thatcher abolished it after a series of damaging leaks. The CPRS star had waned and it had few supporters beyond the centre. Douglas Wass, then Treasury permanent secretary, said, ‘As time went by it concerned itself less and less with central issues and became a meddler in departmental business.’<sup>154</sup>

The issue of increasing central capacity to do more joined-up long-term thinking resurfaced under Blair. This led to a number of innovations in different forms. The first was the Performance and Innovation Unit (PIU) set up in July 1998. This was a think tank within government based in the Cabinet Office to tackle issues which were ‘simply falling between the cracks’ of departmental portfolios.<sup>155</sup> This was created alongside – though in competition with – the Centre for Management and Policy Studies (CMPS), which was conceived as a hub for thinking in Whitehall and to oversee the Civil Service College.<sup>156</sup> PIU’s ‘fundamental concept’ was to ‘only tackle issues which could not be very easily resolved by ... departments’.<sup>157</sup> PIU was not originated by the PM, but the Cabinet Secretary, Lord Wilson. Within the PIU, mixed teams of insiders and outsiders could be assembled to do fresh analysis on problems which had otherwise not had much attention. For example, an early

<sup>149</sup> Interview, 2014

<sup>150</sup> White Paper on the Reorganisation of Central Government, 14 October 1970, para.48

<sup>151</sup> Lowe, R., *The Official History of the British Civil Service*, London, Routledge, 2011, pp.169-70

<sup>152</sup> Hennessy, P., *Whitehall*, London, 1990, pp.228-229

<sup>153</sup> Interview, 2014

<sup>154</sup> Quoted by Hennessy, P., *Whitehall*, London, 1990, p.209

<sup>155</sup> Halpern, D. *The Hidden Wealth of Nations*, London, 2009, p.267

<sup>156</sup> For more on the CMPS, see Haddon, C., *Reforming the Civil Service: The Centre for Management and Policy Studies, 1999-2005*, Institute for Government, 2012, retrieved 9 June 2014 from

<http://www.instituteforgovernment.org.uk/publications/reforming-civil-service-cmps>

<sup>157</sup> Interview, 2014



project in 2000 looked at how to improve the well-being of older people – an issue which fell between different departmental portfolios, and wasn't a priority for any.<sup>158</sup>

### Evolution of strategic capacity at the centre

1970 – Heath established **Central Policy Review Staff (CPRS)**

1983 – Thatcher abolished **CPRS**

1998 – **Performance and Innovation Unit (PIU)** established under Suma Chakrabarti; succeeded in 2001 by Geoff Mulgan (former Policy Unit adviser)

2000-2002 – Blair commissions criminal justice review from John Birt, who is appointed as strategy adviser to the prime minister in October 2001. Followed by further 'blue skies reviews' from high-profile outsiders to challenge departmental thinking on transport (John Birt), education (Nick Lovegrove) and health (Adair Turner). David Simon, former chief executive of BP, also did a report on the Civil Service<sup>159</sup>

2001 – **Forward Strategy Unit (FSU)** established under Geoff Mulgan (who doubled as head of PIU), with a Forward Strategy Advisory Panel created in October<sup>160</sup>

2002 – **FSU and PIU** co-located in Admiralty Arch, as a result of post- 9/11 logistical demands in Number 10, and then merged formally into **Prime Minister's Strategy Unit** under Geoff Mulgan. Staff reaches maximum of 100+ after closure of CMPS

2002 onwards – creation of departmental strategy units

2004 – Stephen Aldridge (civil servant, former unit deputy director) replaced Geoff Mulgan as head

2007 – unit rebranded as the **Cabinet Office Strategy Unit**, but referred to as just the 'Strategy Unit'

2009 – Gareth Davies (civil servant with Number 10 Policy Unit and consultancy background) replaced Stephen Aldridge

November 2010 – **Strategy Unit** abolition announced – posts moved to analytics unit, Office for Civil Society and DPM's office.

Neither the PIU nor the CMPS met the new prime minister's demand to have 'his people', who could match the resources other ministers had available in their departments. The PIU was disconnected from prime ministerial priorities, and Blair sought private independent advice instead from 'blue skies' thinkers in Number 10. Blair 'actually thought there was some sort of magic in the outside world that he could import and he picked up on those who'd help him do it'.<sup>161</sup> These thinkers reviewed the options for the big priority public

<sup>158</sup> Prime Minister's Strategy Unit, *Winning the Generation Game*, February 2000, retrieved 9 June 2014 from [http://webarchive.nationalarchives.gov.uk/20060715135117/http://strategy.gov.uk/work\\_areas/active\\_ageing/index.asp](http://webarchive.nationalarchives.gov.uk/20060715135117/http://strategy.gov.uk/work_areas/active_ageing/index.asp)

<sup>159</sup> Hansard, HC Deb, vol 382, 25 March 2002, c618W, retrieved 17 June 2014 from [http://hansard.millbanksystems.com/written\\_answers/2002/mar/25/unpaid-advisers-1](http://hansard.millbanksystems.com/written_answers/2002/mar/25/unpaid-advisers-1)

<sup>160</sup> Initially, those appointed as unpaid advisers were Arnab Banerji (Chief Investment Officer of F&C Management), Nick Lovegrove (Partner at McKinsey's), Penny Hughes (former President of Coca Cola, non-executive of Vodafone and Trinity Mirror) and Adair Turner (Vice Chairman of Merrill Lynch).

<sup>161</sup> Interview, 2014

services, using a consultancy-style approach which the project leads brought from their prior private sector experiences. Most of them had worked for McKinsey.

That eventually led to the decision to create new, more publically-acknowledged, 'strategic' capacity in Number 10. The Forward Strategy Unit first sat apart in Downing Street, but was soon co-located with PIU in Admiralty Arch before the two units were merged formally as the Prime Minister's Strategy Unit (PMSU) under Geoff Mulgan as head. By this point the units' methods were converging, so the merger was an obvious consolidation of capacities.<sup>162</sup>

PMSU peaked in size at about 120 staff around 2004, though some of this was a result of absorbing people from the-then defunct CMPS.<sup>163</sup> Stephen Aldridge, the civil servant who took over the unit from Geoff Mulgan in 2004, reduced the unit's size and refocused its work to concentrate on clear prime ministerial priorities, working closely with the more focused Policy Unit created after the 2005 election.

PMSU continued under Brown with a greater emphasis on collaboration with departments.<sup>164</sup> Cabinet Secretary, Lord O'Donnell rebranded the unit as the 'Cabinet Office Strategy Unit' in 2007, but its members continued to use the prime minister's name and ignored the rebrand. Their authority flowed from prime ministerial patronage. The unit was simply referred to as the 'Strategy Unit'.

Brown and his advisers were used to having a large and effective policy capacity to call on in the Treasury. The transition to the much smaller Number 10 was a shock. Brown's advisers imported their prior working model, substituting the strategy unit so it could be, as one strategy unit adviser observed, 'playing the role of the entire Treasury in their business model'.<sup>165</sup> While some more classic strategy work continued, for example with policy on food and social mobility, the unit increasingly existed to supplement the policy unit's capacity to do short-term policy development work for the prime minister.

The Conservatives came into government sceptical about the value of the strategy unit. It wasn't clear externally what the unit had been doing, and a PMSU insider thought 'their perception was that we were sort of running around semi-autonomously'.<sup>166</sup> After the election, the unit was pitched to the incoming government as '35 bright people, you can do with what you will'.<sup>167</sup> However, demand never materialised. Initially the people within the unit supplemented the centre's capacity during the spending review negotiations. Afterwards the decision was made to break up the unit and use its posts to increase support to the policy unit in Number 10, the expanded DPM office, and the new Office for Civil Society now headed by former PMSU director Gareth Davies. Political demand for long-term thinking was no longer there, while in the short term 'they needed people to get stuff done and transact business'.<sup>168</sup> The role of providing independent thinking and challenge for the prime minister

<sup>162</sup> Interview, 2014; Halpern, D. *The Hidden Wealth of Nations*, London, 2009

<sup>163</sup> Haddon, C., *Reforming the Civil Service: The Centre for Management and Policy Studies, 1999-2005*, 2012 retrieved 9 June 2014 from <http://www.instituteforgovernment.org.uk/publications/reforming-civil-service-cmps>

<sup>164</sup> Interview, 2014

<sup>165</sup> Interview, 2013

<sup>166</sup> Interview, 2014

<sup>167</sup> Interview, 2014

<sup>168</sup> Interview, 2014

fell instead to his strategic adviser Steve Hilton. Since his departure, it is not clear whether anyone plays that role.<sup>169</sup>

Cameron did identify a need for more joined-up and strategic thinking – on national security. However, although a National Security Strategy was produced early in the new Parliament, one observer of the National Security Council (NSC) said that ‘probably most of us feel it’s been a little transactional and tactical, and not particularly strategic’.<sup>170</sup> Its week-by-week focus is on operational and tactical concerns. What role the NSC plays in the next Strategic Defence Review – and whether this is monopolised by the MoD – will signify how influential the NSC is strategically.

The gap left by the demise of the PMSU) appears to be being partially filled by the Economic and Domestic Secretariat (EDS) which is now being used for the kind of ad hoc problem solving, which 10 years previously might have become a strategy unit project. For example, Sir Jeremy Heywood was asked by the prime minister to review policy on unemployed 16 to 24-year-olds, which has involved an EDS-based team drawing in departmental secondees. Despite the similarity of project-based working, some officials who experienced pre- and post-2010 have felt the absence of a dedicated ‘capacity for strategy’ at the centre on projects like this.<sup>171</sup>

PIU and then PMSU both undertook dedicated forward-looking work across the whole of government’s activity: the PIU’s “Strategic Challenges” work and the PMSU’s regular Strategic Audits. More formal horizon scanning was undertaken in departments rather than at the centre.<sup>172</sup> Following a review in 2013 by Sir Jon Day, the Chairman of the Joint Intelligence Committee, a shared horizon-scanning function has been created at the centre of government.<sup>173</sup> This is an official rather than a prime ministerial initiative, led by the Cabinet Secretary, and intended to establish a common baseline of understanding about future trends with policy implications. The work feeds into a ‘Cabinet Secretary’s Advisory Group’ of permanent secretaries whose job is to consider the ‘strategic implications’ of the work for the UK.<sup>174</sup> There is a small Horizon Scanning Secretariat in the Cabinet Office, which also draws on resource from the Government Office for Science. Cabinet Office Minister, Oliver Letwin who provides formal ministerial ‘oversight’, has described its purpose.

To concentrate on the question: how should government and its various departments think about the things that they are likely to be facing in the coming decades, be sure that they are operating against some kind of common understanding of those things across Whitehall and that they are developing appropriately flexible and continually re-examined responses to

<sup>169</sup> David Cameron’s abolition of the strategy unit was mirrored in Australia where the incoming Abbott government also abolished the “Strategy and Delivery Division” in the Department of Prime Minister and Cabinet set up by his Labour predecessor, Kevin Rudd.

<sup>170</sup> Interview, 2014

<sup>171</sup> Roundtable, 2014

<sup>172</sup> *Annex A: Horizon scanning history*, Gov.UK, retrieved 17 June 2014 from [https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/79253/Annex\\_A\\_History\\_Horizon\\_Scanning\\_20120711.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/79253/Annex_A_History_Horizon_Scanning_20120711.pdf)

<sup>173</sup> Cabinet Office, *Review of cross-government horizon scanning*, 21 January 2013, retrieved 9 June 2014 from <https://www.gov.uk/government/publications/review-of-cross-government-horizon-scanning>

<sup>174</sup> Cabinet Office and Government Office for Science, *Horizon Scanning Programme: A new approach for policymaking*, 12 July 2013, retrieved 9 June 2014 from <https://www.gov.uk/government/news/horizon-scanning-programme-a-new-approach-for-policy-making>

those things? So this is a Whitehall-centric thing and it is about the things that are likely to happen that will affect Whitehall.<sup>175</sup>

## Processes

Strategic thinking should not exist in a vacuum. It needs to both respond to and be an effective way of meeting a need. The value of a central strategy function depends on:

- identification of relevant issues to work on
- a working method that clearly adds value to 'business as usual'
- landing its conclusions with those who can take action on the results.

All these units were characterised by a project-based approach. Projects needed to be justified on the basis that the current system was not addressing them adequately and they were of sufficient interest to the prime minister. That made an effective commissioning mechanism vital. David Halpern describes a 'key lesson' from his experience in PMSU.

High-quality analysis and able people are a necessary but not sufficient condition for an effective strategy unit. The details of the governance and commissioning arrangements are vital. Strategy units that report through long loops of the Civil Service rapidly have their creativity and room for manoeuvre squeezed out: direct commission from, and a line to, the prime minister, president or minister is critical to success.<sup>176</sup>

A formal commissioning board for the strategy unit was first established in 2002 as the strategy unit began to grow. The board included the heads of the policy, strategy, and delivery units, the principal private secretary, the minister for the Cabinet Office or their adviser, and an official or adviser from the Treasury – though the latter attended infrequently. The board was used for two purposes: first, to discuss any political issues coming out of its work and second, to formally commission projects. It provided 'a short circuit to deal with different interpretations of the PM's concerns on an issue and to ensure that work by the Unit meshed with other linked activities such as forthcoming legislation'.<sup>177</sup> It also resolved the confusion that arose because special advisers, despite often being the actual client of PMSU work, could not formally instruct civil servants. The commissioning board could make explicit who in Number 10 was the project client, for example a policy unit adviser, while maintaining the formal reporting line through the cabinet secretary.

This commissioning relationship worked effectively when closely connected to the policy unit's agenda, and the policy unit head either directly commissioned PMSU or was closely involved. David Bennett, Blair's head of policy and strategy 2005-07, said:

Most people in policy unit would spend something like three quarters of their time on the immediate, sometimes firefighting, sometimes not so much. The reason I think we still managed to do quite a lot of long-term stuff as well was having the strategy unit. A lot of that other quarter was spent sharing ideas, discussing big ideas with the strategy unit teams, and

<sup>175</sup> Science and Technology Committee, Government Horizon Scanning inquiry, HC 703 Oral evidence Q.229, retrieved 9 June 2014 from <http://data.parliament.uk/writtenevidence/committeeevidence.svc/evidencedocument/science-and-technology-committee/government-horizon-scanning/oral/5533.html>

<sup>176</sup> Halpern, D. *The Hidden Wealth of Nations*, London, 2009, p.276

<sup>177</sup> Halpern, D. *The Hidden Wealth of Nations*, London, 2009, p.267

then they'd go off and do good work and come back and we used them just like a management consultancy.<sup>178</sup>

Ironically one of the pieces of strategy work that had most direct policy impact – the PIU report on migration policy – only happened because the commissioning processes were circumvented. The PIU's strategic challenges exercise had identified that 'no one had really done any serious research or analysis [on migration], and that the Home Office was sort of stuck in a 1970s mindset still'.<sup>179</sup> Suma Chakrabarti, the PIU head, and Jonathan Portes, then a PIU analyst, persuaded then Principal Private Secretary Sir Jeremy Heywood the project was worth doing, and it was commissioned despite the policy unit head, David Miliband, objecting. It didn't fit with the PIU's original remit to undertake cross-cutting work, as this was squarely Home Office's responsibility, but 'Number 10 was unhappy with the Home Office's work' and so PIU was sent in to take a fresh look.<sup>180</sup> The project was then published, again despite Miliband's objections.

Part of the strength of these units was their ability to work differently – and their ability to bring in people with skills other than the traditional civil servant skill set.

First, the **project** focus meant that teams were not distracted by the day-to-day 'policy maintenance' of departments, nor the firefighting of the policy unit – so they had space to investigate issues in depth. The main working method for PMSU, adapted from PIU and FSU, was to assemble teams of around five to eight to work on projects which could last anything from three weeks to over a year. Teams would be assembled according to need, but in areas where projects were being repeatedly commissioned, PMSU developed semi-permanent capacity for home affairs, education, and health, in part to help build and maintain relationships with stakeholders.<sup>181</sup> This semi-standing capacity also meant the unit built up a degree of portfolio-specific expertise – though whether this is desirable, given the value of the strategy unit for providing fresh analysis and thinking, is a moot point.

Second, the approach developed owed more to consultancy than to normal civil service working methods. The units deliberately used a mix of insiders and outsiders from a range of backgrounds and professions, but particularly from leading management consultancies like McKinsey and BCG. The same approach had been taken with the CPRS in the 1970s, which mixed high-flying civil servants with outsiders from business and academia. Part of the reason for this was the skill set demanded by John Birt, himself a former McKinseyite, and others in the early 2000s to run the strategy projects didn't exist in the Civil Service, which still relied on long-form written briefing. 'The Civil Service was still heavily bound into essay writing and with footnotes and documents with very few numbers in them and so on and wasn't given to diagrams and those kind of things'.<sup>182</sup> The strategy unit also brought in fresh skills, and so external recruitment was essential.

Over time, a strategy involved of doing more **projects jointly with departments** – the early Birt reviews were private studies done without departmental involvement, and in some

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<sup>178</sup> Interview, 2014

<sup>179</sup> Roundtable, 2014

<sup>180</sup> Interview, 2014

<sup>181</sup> Halpern, D. *The Hidden Wealth of Nations*, London, 2009, p.272

<sup>182</sup> Interview, 2014

instances caused serious antagonism with ministers and permanent secretaries.<sup>183</sup> But as time went on, unit leadership realised the importance of 'working with the departments rather than against departments'. The antagonism of departments was seen as a cause of the CPRS's demise: 'departments hated them'.<sup>184</sup> Geoff Mulgan aimed for half the strategy unit's projects to be initiated by departments. Gareth Davies had a goal of 80% to be joint projects.<sup>185</sup> PMSU members thought more active working with departments under Brown – with combined PMSU and departmental teams with reporting lines into departments – yielded benefits:

'What really did work in that [Brown] period was when we got into far more joint project models working with departments, and indeed basing the team in departments.'<sup>186</sup>

As well as specific project commissions, both PIU and then PMSU looked more across the board at issues facing the country. This was to test the whole framework and coherence of government policy. The discrete project-based approach 'did not allow us to stand back and assess the overall challenges and opportunities that we faced' as part of this assessment of the overall framework of government policy.<sup>187</sup> The PIU did a private strategic challenges report, but the PMSU was commissioned by Blair to do more regular '**strategic audits**' of the whole of government.<sup>188</sup> This was deliberately made to sound 'suitably anodyne and bureaucratic' to avoid arousing departmental or cabinet hostility, especially as they were published.<sup>189</sup> These took place in 2003, 2005, 2006, 2007 and 2008. The audits, which occupied around half the PMSU at their peak, combined data about the whole of government along with private interviews with cabinet ministers and permanent secretaries to take stock of where the government had got to – and what challenges lay ahead. This was used as the basis for discussions between ministers, and helped inform the 2005 manifesto.<sup>190</sup>

The units all adopted distinctive working styles. The PIU was determined to differentiate itself from the normal behind closed door methods of policy making and deliberately embraced openness. The FSU on the other hand was characterised by extreme secrecy. The PMSU adopted a more bespoke approach.

This was reflected in their approaches to publication. The early PIU incarnation deliberately acted as an in-house think tank, publishing its reports including those on controversial subjects like migration.<sup>191</sup> Publication was usually 'to' rather than 'by' the government – a semi-detached approach to policy advice.<sup>192</sup> The FSU on the other hand operated in a very closed and secretive way – not even disclosing what it was working on and not publishing its

<sup>183</sup> For example, John Birt and Nick Lovegrove reviewed education policy and recommended an extension of the internal market in schools through greater private sector involvement. The Permanent Secretary of the then DfES, Sir David Normington, reportedly threatened to publicly disagree with the report's findings if they were published. Diamond, P. *Governing Britain: Power, Politics and the Prime Minister*, London, 2013, pp. 179-180

<sup>184</sup> Interview, 2014

<sup>185</sup> Roundtable, 2014

<sup>186</sup> Roundtable, 2014

<sup>187</sup> Halpern, D. *The Hidden Wealth of Nations*, London, 2009, p. 272

<sup>188</sup> Details about the 2003 and 2005 audits are available on the archived Strategy Unit website

[http://webarchive.nationalarchives.gov.uk/20060715135117/http://strategy.gov.uk/work\\_areas/strategic\\_audit/index.asp](http://webarchive.nationalarchives.gov.uk/20060715135117/http://strategy.gov.uk/work_areas/strategic_audit/index.asp)

<sup>189</sup> Mulgan, G. *The Art of Public Strategy: Mobilising power and knowledge for the common good*, Oxford, 2009, p.192

<sup>190</sup> *Ibid.*

<sup>191</sup> An archive of PMSU publications is available at

<http://webarchive.nationalarchives.gov.uk/20100125070726/http://cabinetoffice.gov.uk/strategy/publications/archive.aspx>

<sup>192</sup> Prime Minister's Strategy Unit, 'About the Strategy Unit', *National Archives*, retrieved 9 June 2014 from

<http://webarchive.nationalarchives.gov.uk/20060715135117/http://strategy.gov.uk/about/>



reports or recommendations.<sup>193</sup> The PMSU adopted elements of both its predecessors' style. The risk with any published report is that it could be mistaken for government policy, so a commitment to publication would undermine the willingness of politicians to ask units to undertake work on the most sensitive subjects.

PMSU and its predecessors produced a lot of work,<sup>194</sup> but the question is whether their recommendations had that much impact. Views of those who worked there are mixed. One strategy unit member told us:

I've seen loads of things I've done which I'm proud of doing, where if the Civil Service really wanted it to achieve something [it] should never have allowed me to move on to the next strategy unit project, as clearly I had to follow that for the next three or four years it would take to make this thing happen. All my things ended up in departments, dead as dodos.<sup>195</sup>

Other former unit members agree that it was 'not a very good model of making things happen'.<sup>196</sup> Another thought 'lots of the value wasn't in the immediate, tangible realisation of policy into reality'<sup>197</sup>, and some current preoccupations, like well-being and behaviour change were initially explored in PMSU reports. Those who saw PMSU at work from the policy unit tended to scepticism. Some thought there was a tendency sometimes to produce recommendations which were 'just a bit ethereal'<sup>198</sup> and 'always a bit worthy ... and slightly on the side of the angels'.<sup>199</sup> Some saw its work as 'beaver away churning out long PowerPoint packs that no-one read but were probably incredibly high quality'.<sup>200</sup> These reservations existed even though Unit head, Geoff Mulgan made clear that he always expected reports to contain a section addressing implementation.<sup>201</sup> Scepticism about the visible output of a central strategic capacity was not unique to PMSU. After the demise of the CPRS in 1983, John Hunt, Cabinet Secretary until 1979, remarked that 'the programme analysis and review system created a great deal of work but not much in the way of results'.<sup>202</sup>

The PMSU did have a discernible impact on the wider Whitehall approach to policy making. These methodologies were new and different for the Civil Service in the late 1990s, but became more mainstream. The unit itself created a 'reservoir of knowledge and insight' and – like the Delivery Unit – offered a methodology of how problems could be approached in a new way, offering a different 'mindset' for developing policy. PMSU published its own *Strategy Survival Guide* to describe its approach to strategy. While some felt the strategy unit approach felt like 'death by McKinsey PowerPoint', it was in demand to challenge both the method and presentation of issues.

<sup>193</sup> For example, the December 2001 analytical section of the Birt/Lovegrove review of education strategy was only made available following a freedom of information request. PMSU, 'Education Strategy Review', *National Archives*, 2001, retrieved 17 June 2014 from

[http://webarchive.nationalarchives.gov.uk/20100125070726/http://cabinetoffice.gov.uk/strategy/work\\_areas/education.aspx](http://webarchive.nationalarchives.gov.uk/20100125070726/http://cabinetoffice.gov.uk/strategy/work_areas/education.aspx)

<sup>194</sup> PMSU, Archive of Publications, *National Archives*, 2009, retrieved 17 June 2014 from

<http://webarchive.nationalarchives.gov.uk/20100125070726/http://cabinetoffice.gov.uk/strategy/publications/archive.aspx>

<sup>195</sup> Interview, 2014

<sup>196</sup> Roundtable, 2014

<sup>197</sup> PM at roundtable

<sup>198</sup> Interview, 2014

<sup>199</sup> Interview, 2014

<sup>200</sup> Interview, 2014

<sup>201</sup> Roundtable, 2014

<sup>202</sup> Quoted by Hennessy, P., *Whitehall*, London, 1990, p.209



Five-hundred-page PowerPoint presentations were definitely a perversion, but they were trying to get a visual language into things and increasingly visualisations will help people.'

There was a more organisational and personal aspect to the spread of PMSU influence. Many Whitehall departments quickly copied the centre, sometimes by re-labelling pre-existing units but more often by recruiting departmental strategy directors from the strategy unit to set up equivalents across Whitehall. In turn, this created an alumni network across Whitehall which recognised and valued the skill set and approach championed at the centre. Heads of the strategy units at the centre deliberately encouraged this. Suma Chakrabarti, PIU's original director, recalled that he envisaged, after PIU had gained credibility through its own work, entering a phase of being a 'centre of expertise for departments to come to about how to do this kind of work', and then, before abolishing it, 'you mainstream this approach'.<sup>203</sup> Relatively high turnover in the unit and the use of secondees from departments increased the dispersion of its methods, and increased strategic capabilities across departments.<sup>204</sup>

But the PIU, FSU and then the PMSU were established to help the prime minister challenge departments and to promote better long-term problem solving across Whitehall on issues that the prime minister thought were important. If impact on departments is one problem, ensuring alignment with the prime minister's interest is another. PIU worked on issues that were not those the PM cared about and by 2000 was 'starting to run out of interesting projects'.<sup>205</sup> This became an issue for the PMSU as well. By mid-2000s it had grown large and its agenda diverged from the prime minister's personal priorities. It ventured into foreign policy advice for example but had developed positions at odds with what the prime minister thought and duplicated the work being carried out elsewhere. For a unit which claims prime ministerial authority, this is an existential dilemma – a 'recipe for suicide' as one former strategy unit adviser called it.<sup>206</sup> Indeed, the CPRS was abolished by Thatcher partly because of a number of leaked reports which had ventured beyond its remit and proposed ideas inconsistent with her views or government policy – something a unit can only do and survive with prime ministerial cover.

Drifting away from political relevance can be fatal, since there is no other rationale for a unit to be connected to Number 10 other than because it is serving the prime minister. The quality of analysis is not sufficient. One member of Brown's policy unit thought PMSU had been 'desperately unpolitical' during his time working with it.<sup>207</sup> For strategy work to connect to the prime minister's agenda, it needs to have political salience. 'It's very difficult to do strategy unless you have, as it were, the political ear of the prime minister.'<sup>208</sup> Lack of access to the prime minister made it difficult to remain aligned 'because the people in it didn't ever really get enough access to the PM, and that's where it all became quite theoretical'.<sup>209</sup>

One of the notable features of the PMSU under Blair was that it was not tied into core government processes, in particular resource allocation decisions, or link into a strategic planning committee. This is a contrast with the situation in Canada, for example, where one

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<sup>203</sup> Interview, 2014

<sup>204</sup> Interview, 2014

<sup>205</sup> Halpern, D. *The Hidden Wealth of Nations*, London, 2009, p. 270

<sup>206</sup> Interview, 2014

<sup>207</sup> Roundtable, 2014

<sup>208</sup> Interview, 2014

<sup>209</sup> Interview, 2014

of the most important Canadian cabinet committees is the Committee on Plans and Priorities. Chaired by the prime minister, the committee ‘provides strategic direction on government priorities and expenditure management ... and approves appointments’ acting in many ways as an inner cabinet. It sets overall budget envelopes, deals with major policy issues, federal-provincial matters, and anything important which cuts across government boundaries.<sup>210</sup> Its secretariat not only provides a classic administrative service, but also provides advice, plans policy retreats and, with the other secretariats in the Privy Council Office (the central department supporting the prime minister and cabinet), facilitates policy development on issues the committee identifies.

## People

The need for access to the prime minister puts a premium on a savvy and well-connected head of unit who can manage the relationship with Number 10 effectively. One former head told us that managing this relationship takes ‘oodles of guile and an ability to empathise’ in order to ‘work in a smart way’.<sup>211</sup> He thought it was important that PMSU complement rather than compete with the prime minister’s closest advisers, and avoids becoming a ‘player’ where it would be at a clear disadvantage, given its physical and institutional distance from the Number 10 court compared to the policy unit, for example.<sup>212</sup>

Having those in Number 10 who value the distinctive skill set and approach the unit can offer is also important. David Bennett is an example of someone who appreciated the particular skills the strategy unit offered. ‘They were exactly the sort of people I was used to dealing with.’

The people who have become players at Number 10 are some of the individuals from whom prime ministers have sought advice – based in Number 10 rather than the Cabinet Office, outside the policy unit structure. Prime ministers have used ‘certain individuals, thrown into the system as hustling, entrepreneurial trouble-makers’. Blair had John Birt and to a lesser extent Andrew Adonis particularly on education policy, and Cameron had Hilton.<sup>213</sup> These individuals can bring huge value to the prime minister by challenging the default assumptions on which policy is being based, even though they might lack the organisational management skills of someone needed to get most value out of the capacity a dedicated strategy unit provides. But without back-up and a clear route to influence the official machine they are likely to find the role ultimately frustrating. South Australia provides an interesting example of integrating an external challenger into core processes. Premier Mike Rann invited a social policy activist, Monsignor David Cappel, not only to chair his Social Inclusion Board but also to sit on the executive committee of his cabinet and also still left him free to speak out publicly.<sup>214</sup>

<sup>210</sup> Prime Minister of Canada, *Cabinet Committee Mandates and Membership*, Prime Minister of Canada’s website, retrieved 9 June 2014 from <http://pm.gc.ca/eng/cabinet-committee-mandates-and-membership>; Privy Council Office, *Priorities and Planning*, retrieved 9 June 2014 from <http://www.bcp-pco.gc.ca/index.asp?lang=eng&page=secretariats&sub=pap-pep>

<sup>211</sup> Interview, 2014

<sup>212</sup> Roundtable, 2014

<sup>213</sup> Roundtable, 2014

<sup>214</sup> Rann, M. *Social Inclusion: from welfare to social innovation*, 3 May 2012, retrieved 9 June 2014 from <http://www.mikerann.net/assets/Speeches-and-Lectures/May-2012-University-of-Auckland-LectureSocial-Inclusion-From-Welfare-to-Social-Innovation.pdf>

It is too early to pass any sort of judgement on the new horizon-scanning function at the centre, although an early parliamentary committee assessment is critical of its lack of external engagement and the dearth of public output.<sup>215</sup> Its limited ministerial patronage means it is necessarily small scale and it has yet to feed through into policy making. One permanent secretary told us, 'We have better data than we had before, we've had some interesting discussions, but I couldn't actually say it has resulted in any actual policy yet'.<sup>216</sup> Yet there is good precedent on the international policy side for horizon scanning to directly affect policy priorities, and the aspiration is to follow suit with domestic policy.

We've got to the point where the actual process of horizon scanning is better but what you do with the information once one has scanned the horizon is nothing like as well developed on the domestic side as it is on the international'.<sup>217</sup>

Sir Jeremy Heywood spelled out the test he would apply to the programme new horizon-scanning programme.

If we discover in a couple of years' time that we are meeting and not discovering anything new, or it is all very theoretical and does not really change anything, we will quietly pack up and move on ... it has got to touch the ground at some point and change what policymakers are spending their time doing.<sup>218</sup>

## Assessment

The UK government remains weak at addressing longer-term and cross-cutting issues. It is understandable that, at the start of a term and with a full manifesto of pledges to action, an incoming prime minister does not feel the need to have a set of people thinking about longer-term challenges. However, that does not mean there does not need to be a central capacity to do longer-term thinking. If ministers do not want it, then – as Jon Day, Chair of the Joint Intelligence Committee put it in his review of horizon scanning in government – 'it is a civil service responsibility to look beyond the parliamentary term' because 'the Civil Service needs to meet both the challenges of the day and be mindful of the longer term'. He placed clear responsibility on the Cabinet Secretary to ensure that there is capacity to scan horizons 'as the only senior post considering the entirety of strategic policy making across Whitehall'.

That longer-term capacity could be small and largely separate from ministerial concerns – part of the civil service stewardship role, rather than simply serving the government of the day. But at some point in their premiership most prime ministers encounter issues where they do want capacity to take a longer-term, more in-depth, fresh look at an issue.

There are a number of ways they can do this and calling on in-house capacity is only one of them. For example, one of the most impactful pieces of long-term policy work under the Blair government was the pension reforms which originated in the Turner Commission,<sup>219</sup> established by the prime minister and supported by DWP officials with no input from PMSU.

<sup>215</sup> Science and Technology Committee Ninth Report, *Government Horizon Scanning*, HC 703, 4 May 2014, retrieved 9 June 2014 from <http://www.publications.parliament.uk/pa/cm201314/cmselect/cmsctech/703/70302.htm>

<sup>216</sup> Interview, 2014

<sup>217</sup> Interview, 2014

<sup>218</sup> Science and Technology Committee, *Government Horizon Scanning Inquiry*, HC 703 Oral evidence Q.231, retrieved 9 June 2014 from <http://data.parliament.uk/writtenevidence/committeeevidence.svc/evidencedocument/science-and-technology-committee/government-horizon-scanning/oral/5533.html>

<sup>219</sup> Rutter, J., Marshall, J., & Sims, S., *The S Factors: Lessons from IFG's policy success reunions*, Institute for Government, January 2012, retrieved 9 June 2014 from <http://www.instituteforgovernment.org.uk/publications/s-factors>

The commission worked between 2004 and 2007, first establishing the evidence base behind the emerging pensions shortfall in the private sector and then proposing radical reform. The Australians and New Zealanders both use internal task forces convened by their Department of Prime Minister and Cabinet (and have space available to be able to house those task forces, in expectation that they will be a frequent occurrence).

However prime ministers choose to address longer-term problems, the Cabinet Office should have a core capability either to convene departments to pool analysis and expertise and produce options for ministers to consider or to support external advisers or commissions in a more systematic way. They should also have the capacity to undertake the sort of regular 'strategic audits', which look at the ability of current policies and capabilities to deal with future challenges. These are a useful discipline for the domestic as well as the international side and these can either be driven from the political side (as under Blair) or the official side (as happens now). In both cases a clear connection back into the day-to-day is needed.

Below we look at the design considerations that should inform a discrete unit focused primarily on serving the prime minister. But capacity for longer-term thinking in the centre of government should be part of a core offer the Civil Service makes to any prime minister and government, and have the ability to mobilise quickly when needed.

### **Design considerations: a longer-term policy unit**

#### Basic requirements

- Clarity about the remit of the unit – and how it is expected to work both with the policy unit and with departments
- A clear commissioning process (or a direct relationship with the policy unit head) that maintains alignment with prime ministerial interests and, potentially, builds internal political support
- Clarity about the status of its work and how it connects back in the system
- A leader who has the ear of the prime minister and makes sure issues align with PM interests

#### Opportunities that different structures open up

- Bringing in outsiders with new ways of working and thinking to challenge conventional wisdom and practice
- Ability to assemble cross-cutting teams and work in different ways

#### Risks that need to be managed

- Overexpansion and overreach
- Non-value adding duplication with departments
- Alienation and antagonism of those whose support is needed to make change happen, usually in departments
- Trade-off between radicalism, openness and deniability

## 5. Co-ordination and dispute resolution

I never thought CO [Cabinet Office] officials had much influence at all. I was constantly surprised that such clever men were content to preoccupy themselves on such pedestrian tasks.<sup>220</sup>

Government needs effective mechanisms for co-ordination and dispute resolution – and in the UK system one of the most traditional prime ministerial roles has been to chair the cabinet and a number of cabinet committees – where the prime minister is supported by the Cabinet Office secretariats.

There is a spectrum of coordination along which that role of chair can be performed. Academic literature distinguishes between ‘negative co-ordination’ – which accords with the traditional view of a chairman like prime minister and power and accountability principally residing in departments – and ‘positive co-ordination’,<sup>221</sup> which has been defined in the Australian context as being ‘about getting all of the relevant views on the table, having them interact in a way that will test and balance their underlying propositions, and producing from them a specification of options suitable for decision by politically authorised authority’.<sup>222</sup>

There is also a very clear distinction between the formal mechanisms available to the prime minister and how agreements are brokered in government, which draws heavily on key networks – political, adviser, private office and official and personal relations. Any prime minister needs to find ways to resolve conflict while maintaining political capital intact as far as possible, shaping the agenda and developing priorities.

In this section we look at how different prime ministers have used the central machinery for co-ordination and dispute resolution.

### Structures

#### Evolution

The formal structures of cabinet and cabinet committees serviced by an impartial and neutral civil service secretariat would be recognisable to prime ministers from 50 years ago. But in recent decades full cabinet meetings have become even less of a forum for substantive discussion and decision making, which has migrated elsewhere. Few would now think that they could be such a forum. Cabinet now consists of 22 full members and a further 12 ministers who attend.<sup>223</sup> That makes it a forum for information sharing, but not for full and effective decision making on substantive issues across government policy.

The support structures inside the Cabinet Office have changed little in name over the years. There are now three major secretariats: for Economic and Domestic Affairs (EDS), which

<sup>220</sup> Ex-Cabinet minister cited in Seldon, A., *The Cabinet Office and Co-ordination 1979-87*, Public Administration, Vol 68 Issue 1, Spring 1990

<sup>221</sup> Scharpf, F., ‘Komplexität als Schranke der politischen Planung’, *Politische Vierteljahresschrift*, Sonderheft 4, 1972; Scharpf, F., ‘Games Real Actors Could Play. Positive and Negative Coordination in Embedded Negotiations’, *Journal of Theoretical Politics*, 1994

<sup>222</sup> Hamburger, P., Stevens, B., & Weller, P. ‘A Capacity for Central Co-ordination: The Case of the Department for the Prime Minister and Cabinet’, *Australian Journal of Public Administration*, Vol 70, Issue 4, December 2011, p.386

<sup>223</sup> *The Ministerial and other Salaries Act 1975* Pt. V para 2(a) limits the number of secretary of state salaries which can be paid to 21. More secretaries of state can be appointed, but they cannot be paid a salary beyond their parliamentary salary – so there is no actual limit to the size of cabinet. The additional full cabinet minister beyond 21 is Chris Grayling, the Secretary of State for Justice, who is currently unpaid as Secretary of State for Justice as he is paid as Lord Chancellor instead.

includes the Implementation group, both headed by director-generals; National Security (NSS) and European and Global Issues (EGIS). Thirty years earlier there were broadly the same set with an additional science and technology secretariat.<sup>224</sup> Part of the role of those secretariats is to service cabinet and its committees, sub-committees and ad hoc groups that sit beneath them. The current organisation chart for EDS is included in the appendix of this report.

But although the structures have remained broadly unchanged, there have been very substantial changes in how different prime ministers use them.

Tony Blair notoriously if apocryphally preferred the Downing Street sofa to the cabinet committee rooms as the place to resolve issues. In fact, he presided over the creation of more cabinet subcommittees than any prime minister before or since. Many of the lesser known committees, chaired by the Deputy Prime Minister or the Lord Chancellor, did good work, but the prime minister himself was reluctant to chair meetings. As a former cabinet secretary recalls:

Blair's style of government didn't fit easily with the cabinet committee system. Other ministers were willing to accept and use it for doing business, and a lot was still conducted through committees chaired by other ministers. But apart from meetings involving military action and of course the cabinet itself, Mr Blair's preference was for ad hoc meetings and other ways of managing the government.

There was an attempt in 2005 to re-engage with committees when Blair realised they could be used to lock ministers into agreements, but the enthusiasm was short lived. His preference was for bilateral meetings, so-called 'stocktakes' inside Number 10. Ivan Rogers, his then PPS, recalls that 'he soon wanted to go back to more bilateral processes with the people he most trusted'. Blair himself accepted that 'these things don't really function for me, and they don't enable me to have the sort of discussions I want to have'.<sup>225</sup> His Chief of Staff felt that he was 'not a natural chairman'.<sup>226</sup>

Even if Blair had wanted to put issues through formal structures, the Treasury exercised an effective veto on what could be discussed.

There was a long period when the Treasury refused to ever attend an EDS-chaired meeting and the person running EDS used to be someone the Treasury never met, so he used to do economic and domestic affairs that didn't involve the Treasury, which is a rather thin agenda.<sup>227</sup>

EDS bore the brunt of this downgrading of the cabinet committee processes. Early on, when Peter Mandelson and then Lord Falconer were playing the political-enforcer role from the Cabinet Office, the secretariat heads were still used as mechanisms for co-ordination. But that soon fell into comparative disuse on the domestic side, and a successor felt the job was 'completely pointless... Because the prime minister didn't believe in EDS, EDS's writ ran as far as the end of the room and we were not tasked to resolve any difficult issues'.<sup>228</sup>

<sup>224</sup> Anthony Seldon, 'The Cabinet Office and Co-ordination, 1979-87', *Public Administration*, Spring 1990, pp 103-121

<sup>225</sup> Seldon, A., *Blair Unbound*, London, 2007, p.329

<sup>226</sup> Powell, J., *The New Machiavelli: How to wield power in the modern world*, London, 2010

<sup>227</sup> Interview, 2014

<sup>228</sup> Interview, 2014



Prime ministerial dissatisfaction with the standard Cabinet Office operating model led advisers to work up options to reform the structures at the centre. The idea floated in 1999, then more seriously in 2001, was a merger between Number 10 and the Cabinet Office to create a 'prime minister's department', which was resisted by then Cabinet Secretary, Lord Wilson.<sup>229</sup> But additional capacity, nominally located within the Cabinet Office, was created in the forms of the prime minister's delivery and strategy units, discussed above. Wilson agreed to one form of merger however – the so-called 'double hatting' on the international side.

'I had to concede that his adviser on Europe, Stephen Wall, and his adviser on foreign affairs, David Manning, would be both heads of secretariat and have posts at Number 10.'<sup>230</sup>

This arrangement has not only survived but been beefed up. The head of the European and Global Issues secretariat also took on the 'Sherpa' summit preparation function under Gordon Brown. The head of the overseas and defence secretariat morphed, under David Cameron, into the grander title of the 'Prime Minister's National Security Adviser'. Both roles are graded as permanent secretary. The dual role created 'a slight ambiguity about whether people are in Number 10 or the Cabinet Office'.<sup>231</sup> But at the time this arrangement was not extended to the domestic side, and EDS remained in its doldrums.

Whatever his personal view, some of those we spoke to for this research noted that the Blair's relative loss of authority post-Iraq meant he was forced to act more collegially in the latter days of his premiership. In fact, war cabinets, for example on Iraq, had been the general exception to Blair's more general disdain for cabinet committees.

Mr Blair quite liked having a war cabinet with the generals, and the officials, and the agencies, and the few ministers. And he would choose the ministers. Gordon was never part of them.<sup>232</sup>

Since the mid-2000s low point, there has been a rediscovery by prime ministers that the Cabinet Office and cabinet processes can be used to drive prime ministerial agendas – and take a more activist role. The two most obvious symbols of this are Brown's National Economic Council (NEC)<sup>233</sup> to develop part of the response to the 2008 economic crisis and Cameron's decision to enhance the National Security Council (NSC). The details of how both those committees worked, and how some participants view their strengths and weaknesses, are set out in the boxes at the end of this section.

There were certain common features to both councils which emphasised the importance attached to them by participants, and may explain why they worked better than standard committees. Discussed in more detail in the table at the end of this section, these are:

- prime ministerial commitment – in both cases the prime minister chaired the committee
- high-level senior attendance by ministers, including key political players
- regular meetings – both were scheduled to meet weekly, and largely did so)

<sup>229</sup> Powell, J., *The New Machiavelli: How to wield power in the modern world*, London, 2010 p.80

<sup>230</sup> Interview, 2014

<sup>231</sup> Interview, 2014

<sup>232</sup> Interview, 2014

<sup>233</sup> For a more detailed discussion of the NEC see Corry, D., 'Power at the Centre: is the National Economic Council a Model for a New Way of Organising Things?', *The Political Quarterly*, Vol 82, Issue 3, July-September 2011



- high-powered activist and well-resourced secretariats, underpinned by good senior official preparation
- participation of officials in discussions – the NSC provides a platform for the security services and senior economic officials participated in the NEC.

But Brown's parallel attempt to create similar machinery around domestic policy and constitutional renewal was not as successful. It ran out of steam towards the end of his term as key ministers realised they could block discussions by failing to attend. A Brown adviser explained, 'We got into a situation towards the middle or end where that began to collapse because people quickly realised that if the Home Secretary didn't attend that meeting Gordon wouldn't push it through',<sup>234</sup> copying a tactic that Brown had himself deployed as Chancellor. Similarly, although Brown created something called the National Security Council, his relative lack of interest meant that 'there was a huge change between Brown and Cameron' when the latter made clear that national security was a big priority for him and a 'heavy duty' secretariat was built up to support it.<sup>235</sup>

For some experienced observers, the NEC led to a dawning realisation of how the Cabinet Office could operate. Former Cabinet Secretary, Lord O'Donnell told us, 'The NEC made me realise EDS could be a more powerful force'.<sup>236</sup> His successor has done much to make that happen by developing the ad hoc problem-solving role of the secretariat, rather than simply pushing more issues through the committee system.

The other 'good piece of UK machinery'<sup>237</sup> is for European co-ordination with an increased global affairs remit. The rationale for bringing the two together was that many issues move between multilateral fora from the EU to one of the 'Gs' (G7 and G20). It made sense for co-ordination to be done in one place to ensure that the UK was speaking with one voice across the range of councils. However, the prime minister has increasingly required personal diplomacy both in the EU (with six European Councils in 2013) and elsewhere. This has changed the nature of the NSC from being a piece of bureaucracy to becoming a powerful unit that develops and promotes the prime minister's agenda. More than any other part of the machinery, the European and Global Issues Secretariat (EGIS) is clear that its first customer is the prime minister.

Of two [of the] roles of the Cabinet Office ... one is the bringing together of different opinions to find a solution to things and the other is serving the prime minister and acting as the prime minister's department ... for much of the time, the work on international [affairs] and Europe, you're acting in the last one, which is support to the prime minister, not the one of helping the cabinet to work.<sup>238</sup>

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<sup>234</sup> Interview, 2014

<sup>235</sup> Interview, 2014

<sup>236</sup> Interview, 2014

<sup>237</sup> Interview, 2014

<sup>238</sup> Interview, 2014

## Coping with coalition

Coalition has required additional structures to be created. Shortly after the Coalition was agreed, the Cabinet Office issued new guidance<sup>239</sup> establishing a Coalition Committee<sup>240</sup> where disputed issues could be referred. This ensured both partners were represented on all committees, with arrangements so that the chair and deputy chair came from different parties and either could refer an issue up – offering an effective veto within the committee. In practice, the key piece of coalition architecture has been the ‘Quad’ of David Cameron, Nick Clegg, George Osborne and Danny Alexander.<sup>241</sup> This meets every Wednesday, usually with officials present and other ministers depending on the business to be discussed. ‘It was probably at its peak two and a half years ago as the sort of weekly cabinet committee that decided everything. ... It’s a little bit more ad hoc now.’<sup>242</sup> This reflects the changing needs of government over its lifecycle. The quad is still used to negotiate ahead of major events, like the budget, and it is where major domestic issues go for resolution.

But the Cabinet Office plays a wider role in supporting the Coalition. EDS supports the Deputy Prime Minister in his role as chair of Home Affairs committee, and can also help broker agreements and develop new policy ‘to try to bridge the gap between the two sides.’<sup>243</sup> Like the Quad, the Home Affairs Committee was particularly active in the first two years of the parliament when policies were being agreed. Some disgruntled Conservatives have argued that Nick Clegg has used his chairmanship more recently as a way of blocking what they see as desirable reforms.<sup>244</sup> Now more action has passed to the implementation side, discussed in section 6. The Implementation Unit supports the Growth and Enterprise Committee. This committee meets monthly, chaired by the prime minister.

## Processes

All prime ministers put in place routines to ensure day-to-day co-ordination and a degree of forward planning. These may take the form of regular meetings of a core group (Cameron has twice daily meetings, which include the chancellor as well as Number 10 staff and the cabinet secretary) or meetings with the business managers. There is also a substantial co-ordination effort around communications and issue management.<sup>245</sup>

Most disputes are resolved and problems solved outside formal cabinet processes. One former Cabinet Office official told us:

90% of work is done outside the cabinet committee structure – the real value is in things that never have to go to the committee meetings ... if you have actually got senior ministers having

<sup>239</sup> Cabinet Office, *Coalition Agreement for Stability and Reform*, May 2010, retrieved 10 June 2014 from

[https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/78978/coalition-agreement-may-2010\\_0.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/78978/coalition-agreement-may-2010_0.pdf)

<sup>240</sup> There is also a ‘working group’, the Coalition Operation and Strategic Planning Group, chaired by the Minister for Government Policy and the Chief Secretary, which does appear to meet. Cabinet Office, *Note on Cabinet Committee System*, September 2010, retrieved 10 June 2014 from

[https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/60639/cabinet-committees-system.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/60639/cabinet-committees-system.pdf)

<sup>241</sup> Formally, the Coalition Committee is deemed quorate if two members from each party are present, so the ‘Quad’ is essentially the Coalition Committee

[https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/279220/Cabinet\\_Committee\\_Membership\\_Lists\\_12\\_Feb\\_2014.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/279220/Cabinet_Committee_Membership_Lists_12_Feb_2014.pdf)

<sup>242</sup> Interview, 2014

<sup>243</sup> Interview, 2014

<sup>244</sup> Hardman, I., ‘General Election 2015: why the Tories dread another five years of Nick Clegg’, *Daily Telegraph*, 9 May 2014, retrieved 10 June 2014 from <http://www.telegraph.co.uk/news/general-election-2015/10816590/General-election-2015-Why-the-Tories-dread-another-five-years-of-Nick-Clegg.html>

<sup>245</sup> See Section 8 on Communications and External Relations

to spend their time settling a dispute over what to do in a formal meeting with 20 people round the table, actually you don't particularly want to be in that position.<sup>246</sup>

Prime ministers, and their advisers, have a range of options open to them to resolve disputes. One of the key issues for prime ministers is not to waste, or be seen to waste, political capital. Systems have to adapt around that. In the early years of the Blair administration 'the basic premise of all the structures and processes we had was that you should never put Tony in a room with other ministers and [had a disagreement where] Gordon won'.<sup>247</sup> Within the Coalition, officials see one of their roles as being to 'take some of the heat out of the tensions coalition can sometimes bring' and that can be done by using the Cabinet Office to clear the ground: 'In some departments where it's more difficult to navigate their way through coalition, it's actually, in many ways, in the department's interest to work closely with EDS'.<sup>248</sup> The deputy prime minister's office sees the value of the Cabinet Office 'playing the role of working out where there are problems and helping Jeremy [Heywood, Cabinet Secretary] and Bob [Kerslake, Head of the Civil Service] do the brokering and winnowing out where the key issues are which need political resolution'.<sup>249</sup>

However, formal meetings have a value as well. A number of officials felt that the formalisation of decision taking on international issues through the NSC was a significant advance. 'It was like the lights coming on because it was very difficult under the previous arrangements to necessarily detect what decisions, if any decisions, were being taken on a number of issues. And the thinking that led to those decisions was even more opaque.'<sup>250</sup> One former Conservative minister thought this was crucial to re-establishing government credibility on security issues.

The fact that there is a common belief among my colleagues...that it was all done by sofa government has left a real mark, and the fact that we have ... a clear process by which decisions can be taken and my colleagues are aware of it, and that the press and public are aware of it ... is an essential safeguard.<sup>251</sup>

There is also a formal process to decide which bills are given parliamentary time each year. Not being in the programme doesn't stop a bill being passed, for example if it's emergency legislation or a private member's bill. There is ultimately an informal political decision about its contents. But the formal committee process is important for clarifying the trade-offs about how the government plans legislative time.

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<sup>246</sup> Interview, 2014

<sup>247</sup> Interview, 2014

<sup>248</sup> Interview, 2014

<sup>249</sup> Interview, 2014

<sup>250</sup> Roundtable, 2013

<sup>251</sup> Roundtable, 2013

### **Parliamentary Business and Legislation Committee<sup>252</sup>**

For each parliamentary session, the government has a legislative programme of up to around 30 bills – though the length and complexity of the bills, and the time therefore needed in Parliament, varies.<sup>253</sup> The committee tasked to prepare this programme is the Parliamentary Business and Legislation Committee (PBL), chaired by the Leader of the House of Commons with his deputy. No policy cabinet ministers are members, but rather the Leader of the Lords, Chief Secretary, secretaries of state for the nations, Oliver Letwin and David Laws as coalition negotiators in chief, Grant Shapps as Conservative Party Chairman and Minister Without Portfolio, and the law officers and whips. The First Parliamentary Counsel attends to offer advice, as do the parliamentary private secretaries to both the PM and DPM.

Around one year in advance of the session, the Leader of the House of Commons, as committee chair, invites his cabinet colleagues to bid for a legislative slot by letter. The PBL then weighs up the relevant bids – usually around twice as many as there is space for – and decides the provisional programme content. This is decided on the basis of whether legislation is actually required – an area in which the PBL secretariat in the Cabinet Office and parliamentary counsel are expert – and on how important the bill is to the political priorities of the government. How well the department has prepared the bill can also be an influence, though the detail of policy is often decided later in the relevant policy cabinet committee.

The crunch point for the legislative programme is the Queen's Speech, which contains the list of key pieces of legislation that the government plans to pass. Ministers regard getting their bill into it as a significant coup, as it is a public commitment by the government to legislate on their proposal.

The cabinet – in reality, the prime minister – rather than the PBL, takes the final decision about the Speech's contents in the weeks before the Speech. But if the PBL has done its job, the trade-offs are made between well-prepared bills which departments are ready to draft with good bill teams in place. The PBL process essentially acts as a prioritisation and vetting mechanism, winnowing out spurious bids for parliamentary time.

## **People**

Making co-ordination work from the centre depends on successfully marrying the court of Number 10 with the giant machinery that is looking to politicians for direction. That depends on having the right people to give life to the core processes.

If the Cabinet Office is to play an activist role on behalf of the prime minister, it is important that the prime minister regard the cabinet secretary as a trusted adviser. One Number 10 official attributed the recently enhanced role of the Cabinet Office to the fact that 'we have a

<sup>252</sup> For more on the process of making legislation, see [https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/210917/Guide\\_to\\_Making\\_Legislation\\_July\\_2013.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/210917/Guide_to_Making_Legislation_July_2013.pdf)

<sup>253</sup> For more on this see Nimmo, C., 'Zombie Parliament? Some dead good legislation data', *Institute for Government Blog*, retrieved 11 June 2014 from <http://www.instituteforgovernment.org.uk/blog/8034/zombie-parliament-some-dead-good-legislation-data/>

cabinet secretary who has the complete trust of the prime minister and the prime minister sees him as his principal official and strategic policy adviser'.<sup>254</sup> The much criticised 2011 decision to split the roles of cabinet secretary and head of the Civil Service allows the cabinet secretary more time to troubleshoot policy on the prime minister's (and DPM's) behalf. As Sir Jeremy Heywood himself says, 'because we've slimmed the job down I'm more involved in a lot of active policy debates that are going on in Downing Street and with the DPM'.<sup>255</sup> Furthermore, a former Cabinet Office official noted that Sir Jeremy 'is much more assertive in bringing work into the Cabinet Office than some of his predecessors'.<sup>256</sup> Coalition is also a factor, with the official machine more able to address issues where the coalition partners disagree.

Whereas under the Labour government issues tended to be settled in what one official called 'spadland' – that is, through networks of advisers – the current prime minister has a network of potential fixers if he does not want to deal with an issue himself: the Cabinet Secretary, his Chief of Staff, Ed Llewellyn and his Principal Private Secretary, Chris Martin, as well as the heads of EGIS and the NSC. Oliver Letwin, as Minister for Government Policy in the Cabinet Office, is also identified as a significant player on policy problems. This means problems can be fixed through the channel most likely to deliver a result – political or official.

The second ingredient is the quality of people in the secretariats. There can be a virtuous or vicious circle at play. People attributed the success of the NEC to the fact that the Treasury put some of their best operators into it and the secretariat was well resourced enough to do its own analytical work. Another observer similarly thought that national security acted as a magnet for talent, compared to domestic policy. Another former senior Cabinet Office official contrasted the recruitment policy for the NEC and EGIS with the normal operating model. 'We filled the secretariats up with people from the Treasury and other economic departments who did actually know something... and that is not the normal mode of operation for the cabinet secretariat',<sup>257</sup> which instead relies on officials who saw their role as 'facilitating good conversations rather than having specific expertise'.<sup>258</sup> Ideally, a well-resourced secretariat should both have specific expertise and be able to facilitate good conversations.

People thought that the EDS was now a 'strong brand'<sup>259</sup> reversing its earlier inability to attract good staff in the early 2000s when it was marginalised. One senior official said of that period that 'in EDS I was noticing the people were not as good as some of their predecessors'.<sup>260</sup>

One of the factors in creating effective networks is that many of the people at the top of these have worked together for many years before either in the Treasury – whose alumni now head EDS and EGIS as well as Number 10 and the Cabinet Office – or as part of a cadre of national security experts. This raised concerns for an outsider who worked at the

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<sup>254</sup> Interview, 2014

<sup>255</sup> Interview, 2014

<sup>256</sup> Interview, 2014

<sup>257</sup> Interview, 2014

<sup>258</sup> Interview, 2014

<sup>259</sup> Interview, 2014

<sup>260</sup> Interview, 2014

centre about the risk of groupthink among like-minded officials: 'The people who are identified by the group as most like themselves are therefore put in the centre.'<sup>261</sup>

One of the missing parts of the jigsaw under recent administrations has been the big beast political fixer who can exercise authority on behalf of the prime minister. Thatcher used Lord Whitelaw in this role; Major used Lord Wakeham and then Michael Heseltine. The Blair government experimented with enforcers based in the Cabinet Office.

Blair constantly came back to this question of whether you needed somebody at ministerial level who could be a political and strategic enforcer at the centre. So originally you had Mandelson, but Mandelson didn't want to perform the role ... because he felt the he performed that role in opposition and didn't really want to carry on doing it ... and then Jack Cunningham was brought in and played a similar role but without that personal closeness to Blair.<sup>262</sup>

The role de facto disappeared when Cunningham was replaced by Mo Mowlem. In any case, the resources to do the job are limited. David Blunkett observed that 'without the power of enforcement nobody can enforce anything'.<sup>263</sup> Brown wanted Ed Balls to play a similar role – but he too wanted to be a secretary of state rather than continue being a power behind the throne.<sup>264</sup>

The ministerial co-ordination role in the current government is played by Oliver Letwin as Minister for Government Policy. He has been particularly involved on implementation issues and in helping make the Coalition work, but it is less clear whether as a more junior minister he can play the elder statesman role of a Whitelaw or a Heseltine.

## Assessment

Jonathan Powell described the co-ordination role of the Cabinet Office. 'Number 10 should be the gearstick in the PM's hand: light and responsive. And the Cabinet Office should be the drive shaft making sure the wheels of government are all moving in the same direction and at the same speed.'<sup>265</sup> Cameron seems to be prepared to regard the Cabinet Office as 'his people' – something which Blair was reluctant to do. He was suspicious of their neutral brokering role, seeing themselves 'as serving the cabinet, not the prime minister' which led to a 'different mindset'.<sup>266</sup> But in doing so, he reduced the value of one of his potential levers to get the machine to do what he wanted.

The UK centre is institutionally relatively weak compared to the power vested in departments, but as the previous sections have shown, it is also very fluid. Brown and then Cameron have found different ways of using some of the core Cabinet Office machinery and personnel to supplement the power of their personal operations. This has been easiest to achieve on the European and global issues side because the prime minister is the de facto lead on these issues and the Cabinet Office sees its primary role as serving prime ministers

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<sup>261</sup> Interview, 2014

<sup>262</sup> Interview, 2014

<sup>263</sup> Oral evidence to the House of Lords Constitution Committee, 15 July 2009, *The Cabinet Office and the Centre of Government*, 2010, Q.248

<sup>264</sup> Interview, 2014

<sup>265</sup> Written evidence to the House of Lords Constitution Committee, 'Memorandum by Jonathan Powell, former Chief of Staff to Tony Blair', 11 June 2009, *The Cabinet Office and the Centre of Government*, 2010

<sup>266</sup> Interview, 2014

and pursuing their agendas on these issues.<sup>267</sup> Indeed a former head of secretariat argued that departments were simply not close enough to the prime minister to be able to offer the necessary support. 'Preparatory stuff done through the department chain is just not very effective in terms of support because of course the departments have no idea what the principal wants and they have no idea how these meetings work.'<sup>268</sup>

EDS has experienced a renaissance: in part because of coalition; in part because of the change in job description of the cabinet secretary; and in part because it has expanded to fill some of the gaps left by the demise of PMSU and on progress chasing.<sup>269</sup> As such it has become a fixer on the part of the prime minister and the Coalition. In that fixer role, the Cabinet Office is not there as a 'neutral chair' and it is clear on whose behalf the Cabinet Office is fixing. 'EDS and the Implementation Unit [are] bits of a machine that can be deployed'.<sup>270</sup>

The National Security Secretariat conforms most closely to the classic conception of cabinet government in action: regular, well-prepared meetings, where the government's most senior members meet to discuss issues of national importance. But even this, as with the NEC, depends both on the prime minister's personal commitment to make time for meetings and on the willingness of key departments to 'cede sovereignty' which the Foreign Office is seen to have done in the case of the NSC, and Treasury did to an extent with the NEC. Key features and an assessment of NEC and NSC are considered in a table at the end of this section.

The Cabinet Office has shown that it can become a greater force for 'positive co-ordination'. This leads to a self-reinforcing process: where the Cabinet Office is seen to play a significant role, it can attract better staff.

However it is not clear that the potential is, as yet, fully exploited. While people agreed that the current NSC is more effective than its predecessors, it has also tended to focus on operational rather than more strategic decisions, reflecting the prime minister's preferences. There were also concerns from some of those that had seen the new secretariat in action that it lacked the capacity to challenge – whether on the review of the security agencies or with regard to the next strategic defence and security review, where it cannot hope to match the resource in MoD. More generally the dependence on departments for information and resource still limits its capacity to address joined-up issues very effectively or, in areas where departmental positions are entrenched, do better than come up with lowest-common-denominator solutions. But a solution to that may lie only in a more radical re-conception of government organisation or a very powerful prime minister.

These arrangements remained predicated on a lowest-common-denominator approach to government – where one department leads and others try to intervene to secure their interests. One of the questions confronting all prime ministers is how successfully they can counter the gravitational pull of departmentalism and create structures and processes which allow a more collaborative approach to government to create highest-common-factor

<sup>267</sup> For a discussion on how the Cabinet Office and Number 10 have varied in the extent they act as a prime minister's Department, see Blick, A., & Jones, G., 'The power of the Prime Minister', *History and Policy*, 7 June 2010, available at <http://www.historyandpolicy.org/policy-papers/papers/the-power-of-the-prime-minister>

<sup>268</sup> Interview, 2014

<sup>269</sup> Discussed in more detail in the next section

<sup>270</sup> Interview, 2014



government. A stronger, more activist approach from the official centre is an important element in that. Below we set out the design considerations that will allow more effective Cabinet Office support for the prime minister. The important thing for the prime minister is to ensure the cabinet secretary can make the Cabinet Office work as an effective supporting resource for the prime minister and enjoy the confidence and co-operation of other departments. As we have seen, there is scope for adaptation in the use made of the standing arrangements. Prime ministers and their cabinet secretaries should be prepared to use the machinery in more innovative ways if that fits their style and priorities.

**Design considerations: an activist Cabinet Office****Structures**

- The cabinet secretary should ensure there are high-powered and well-resourced secretariats, able both to convene and to challenge on behalf of the prime minister and ideally drawn from a range of departments

**Processes**

- The secretariats engage officials properly – either by attending meetings or in preparation for discussions – with a clear brief to ensure ministers are presented with quality analysis and options
- The cabinet secretary should establish high expectations of the quality of the work coming to ministers for decision and hold his permanent secretary colleagues to account for that
- The prime minister should signal priority issues by showing personal interest
- The prime minister and cabinet secretary should consider more innovative approaches to collective work

**People**

- The prime minister should have confidence in the cabinet secretary
- The cabinet secretary should ensure the people in the top jobs have the authority and closeness to act on the prime minister's behalf

National Economic Council (Brown 2008-10)	National Security Council (Cameron 2010-)
<p><b>Key features</b></p> <ul style="list-style-type: none"> <li>• PM chaired and it met in Cabinet Office Briefing Room A (COBRA)</li> <li>• Membership: most major economic departments, territorial departments, significant political players including several non-partisan ministers (known as 'GOATS' from Brown's 'government of all the talents') who brought outside expertise. No substitutes allowed ensured principal attendance</li> <li>• Secretariat separate from Economic and Domestic Secretariat (though located in Cabinet Office)</li> <li>• Met weekly during crisis (prime minister initially wanted more meetings)</li> <li>• Officials present and participating in discussions</li> <li>• Preparation for NEC meetings by NEC Officials committee (NEC(O)) chaired by cabinet secretary and Treasury permanent secretary, with work underpinned by analytic working group</li> <li>• Parallel special adviser network involving Downing Street communications and a presentation subcommittee chaired by Lord Mandelson</li> </ul>	<p><b>Key features</b></p> <ul style="list-style-type: none"> <li>• PM chaired</li> <li>• Membership: ministers on external and internal security matters widely defined</li> <li>• Heads of agencies and Joint Intelligence Committee (JIC) attend; other officials and military who attend allowed to speak</li> <li>• Weekly meeting straight after cabinet, one or two agenda items, often takes operational decisions. There are ad hoc longer strategy sessions</li> <li>• Committee supported by 50-strong secretariat who commission and quality assure papers. Senior figure appointed as permanent secretary grade National Security Adviser (NSA).</li> <li>• Preparation for NSC meetings by the NSC Officials committee (NSC(O)) chaired by NSA before the permanent secretaries' Wednesday morning meeting</li> </ul>
<p><b>Why we were told it worked</b></p> <ul style="list-style-type: none"> <li>• Sense of urgency</li> <li>• High-quality secretariat with effective Treasury secondees capable of its own analysis, and challenging and adding value to departments</li> <li>• Clear commissioning process and forward planning for papers</li> <li>• High-quality papers with senior officials involved in their preparation</li> <li>• Attendance maintained because of PM commitment, and the Chancellor's presence underlined joint enterprise and Treasury cooperation.</li> <li>• NEC(O) developed into a useful forum for sharing analysis and going deeper into issues not addressed in ministerial committee and engaged senior officials in economic policy making</li> <li>• Advisers network helped co-ordinate communications</li> </ul>	<p><b>Why we were told it is working</b></p> <ul style="list-style-type: none"> <li>• Senior ministerial attendance and prime ministerial commitment</li> <li>• Engagement of the agencies: role of JIC is 'transformed'</li> <li>• Willingness of FCO to 'cede sovereignty' and put issues to the NSC to benefit from 'cross-Whitehall buy-in and Cabinet Office machinery to follow-up'</li> <li>• Clear where and how decisions have been made, and decisions made on the basis of an 'organised set of pieces of information on the table and the best analysis the officials could provide'</li> <li>• Important for achieving coalition alignment</li> <li>• Helpful in promoting cross-government initiatives</li> <li>• Achieved better focus on some areas which had previously been more neglected such as cyber security and organised crime</li> </ul>
<p><b>Issues</b></p> <ul style="list-style-type: none"> <li>• Weak link into delivery until PMDU engaged, but PMDU focused on target numbers through schemes rather than considering the impact on confidence</li> <li>• Stronger for sharing ideas than taking decisions; set context for bilateral decisions</li> <li>• PM started going outside NEC framework to make announcements and the Treasury restricted discussion on wider issues</li> <li>• Non-member departments such as Transport felt excluded</li> <li>• Prime ministerial interest gradually waned</li> </ul>	<p><b>Issues</b></p> <ul style="list-style-type: none"> <li>• Some departments less willing to engage than others so there may be too much dominance of FCO/military agenda rather than homeland security</li> <li>• Weaker on strategic longer-term thinking and a tendency to focus on crises</li> <li>• Liberal Democrats find it hard to get their issues discussed</li> <li>• Dependent on degree of PM interest – Cameron perceived to spend more time on foreign policy 'than any previous prime minister'</li> </ul>

## 6. Assuring progress

It illuminated a problem ... which is how frankly lacking in rigour and discipline most government is.<sup>271</sup>

Making decisions and announcing them is not enough. The test of any government is whether anything changes as a result. Implementation has been the Achilles' heel of the UK system – and that is why successive prime ministers have resorted to some sort of centralised progress chasing machinery to reflect the issues they think their premiership will be judged by. That reflects the reality that prime ministers are held 'accountable for everything a government does, through PMQs and through the day-to-day lobby briefings ... you've got to have a function of ... helping out the chief executive work out what is going on in practice, what's the reality of whether a policy has been implemented and exercising that challenge function'.<sup>272</sup>

Progress assurance has had different names under successive governments<sup>273</sup>. But no matter what it is called, it is a role that the centre of government has arrived at late.

Until the Blair years the key relationship was between department, secretary of state and Parliament – and the prime minister's main discipline was the power to fire his ministers or abolish their departments. For the rest, delivery or implementation was something departments were assumed to be getting on with.

### Structures

Since 2001 there have been a series of dedicated units and processes put in place to support delivery or implementation by departments; to oversee competent management of big projects; and to provide assurance to the prime minister on the progress of his priorities. This reflects the fact that the policy unit and private office do not have the capacity to do detailed progress chasing and no other part of government has taken on that responsibility.

### Evolution

John Major had no dedicated delivery machinery – and the assumption that a combination of the policy unit and private office were sufficient to track progress continued in Tony Blair's first term as prime minister. Growing frustration at lack of progress led to the establishment in 2001 of the Prime Minister's Delivery Unit (PMDU) under Michael Barber, who was selected in recognition of his performance in raising educational standards during Labour's first term when he was employed as an education special adviser.<sup>274</sup> The key features of the early years of the PMDU were its distinct methodologies and expertise (borrowed from the world of management consultancy) and its focus on the delivery of clear public targets for a select set of key prime ministerial priorities in the education, crime, health and transport. This internal capacity was backed up by the prime minister's willingness to invest time and effort in attending regular bilateral meetings called stocktakes. A key part of PMDU's role was to

<sup>271</sup> Interview, 2014

<sup>272</sup> Interview, 2014

<sup>273</sup> Our forthcoming report with the Mowat Centre in Ontario will look at international experience of these units

<sup>274</sup> Barber, M., *Instruction to Deliver: Fighting to transform Britain's public services*, London, 2008; Thomas, P., & Panchamia, N., *Civil Service Reform in the Real World: Patterns of success in UK Civil Service reform*, Institute for Government, 2014, retrieved 10 June 2014 from <http://www.instituteforgovernment.org.uk/publications/civil-service-reform-real-world>

build effective relationships with departments under scrutiny – to help them deliver as well as hold them to account – and the Treasury.

However the PMDU morphed after the departure of Michael Barber in 2005. Under the leadership of former management consultant, Ian Watmore it focused less on policy targets and more on departmental capability reviews, initiated by the new Cabinet Secretary, Lord O'Donnell. In 2007 it moved to the Treasury and was put under a Treasury official, Ray Shostak, and took on the oversight of the whole suite of 31 PSAs, rather than concentrate on selected priority areas. The move to the Treasury was seen by some as banishment from the centre of power – and a loss of prime ministerial patronage. Gordon Brown had always regarded PMDU as 'a creature of Tony Blair'. Even so, the unit had to be called in to make sure some of the initiatives that were launched by the National Economic Council were followed up, and was regarded as bringing an important extra discipline to the process. The change in fortunes of the PMDU is summed up by a Number 10 insider. 'It was very dependent on the quality of the small team and the PM's patronage and when those began to dissipate, its influence dissipated.'<sup>275</sup> It suffered from the 'centre spreading itself too thinly'<sup>276</sup> and lacked the methodologies and credibility to add value across the wide-ranging suite of PSAs.

In the eyes of the incoming government in 2010 the PMDU came to symbolise much of what was wrong with New Labour. The 'delivery ideology'<sup>277</sup> changed and the new government were seen as 'physically revolted by targetry',<sup>278</sup> in particular the notion that the government could deliver outcomes such as making 'old people happier'. Civil servants noted the 'fundamental difference in values ...about the sort of technocratic approach PMDU had and in particular .the delivery chain [concept]'.<sup>279</sup> The existing model 'was getting a bit tired and needed a refresh'.<sup>280</sup> The new regime was to be based on accountable departments, strengthened internal processes including new boards with non-executive directors, and business plans agreed with the centre. To oversee that process a small Implementation Unit was translated from opposition into government – but without the person who ran it in opposition, Nick Boles who had become an MP. There were just four people, most quite junior and without a policy background. This resourcing proved inadequate and business plans never 'became the sort of defining performance management strategy document' they were intended to be.<sup>281</sup>

The next phase saw a fusing of 'policy and implementation' in a revamped unit within Number 10 under the joint leadership of Paul Kirby and Kris Murrin. It was designed to close what was perceived to be the gap in the Barber regime between policy development and implementation. There were sessions with both David Cameron and Nick Clegg. But ultimately, despite seeing benefits from this approach, there was a perception that 'it wasn't

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<sup>275</sup> Interview, 2014

<sup>276</sup> Interview, 2014

<sup>277</sup> Interview, 2014

<sup>278</sup> Roundtable, 2014

<sup>279</sup> Interview, 2014

<sup>280</sup> Interview, 2014

<sup>281</sup> For more on departmental business plans see Stephens, J., Martin, R., & Atkinson, D., *See-through Whitehall: Departmental Business Plans one year on*, Institute for Government, 2011, retrieved 10 June 2014 from <http://www.instituteforgovernment.org.uk/publications/see-through-whitehall>

the right people and it wasn't the right resource'<sup>282</sup> and it needed 'data, trajectories' – though that could be on inputs not outputs or outcomes to keep with the underlying philosophy.

The resulting creation was the Implementation Unit (IU)<sup>283</sup> in the Cabinet Office in 2012, headed by a civil servant, Will Cavendish. It is part of the Implementation and Growth Group on the economic and domestic policy side of the Cabinet Office which also leads on Open Public Services and the Red Tape Challenge.

The new unit joined another piece of new coalition assurance architecture, the Major Projects Authority (MPA). This was set up in 2011 as part of the Cabinet Office's Efficiency and Reform Group, to try improve both the quality of management of major projects across government and ensure departments were on track to deliver the 200+ major projects in the portfolio.

Alongside the dedicated IU, other parts of the Cabinet Office also seem to be taking a higher-profile role on implementation and progress chasing: the routines of the NSC mean that the National Security Secretariat does follow up – on the pretty simple basis that the prime minister will ask them what has happened when the issue is next on the agenda. EDS also plays a bigger role with ad hoc 'implementation challenges' to stress test proposals, 'sometimes before policies get announced, more often once they have been announced in principle, [but] the shape hasn't been given to them'.<sup>284</sup> The aim of these 'intense processes' is to give ministers assurance that they will not be faced with an implementation 'fiasco'.

The next section looks in particular at how the IU and the MPA work as new pieces of centre architecture.

## Processes

A recent description of the Implementation Unit by a former unit deputy director, Chris Mullin, describes it as 'bearing more than a passing resemblance to the PMDU' but also claims that 'those in the know spotted some important differences that would allow the IU to become influential in today's government'.<sup>285</sup> The big difference, in Mullin's view, is that the IU 'adopted a more flexible approach than its predecessor' and, because of the focus on growth has a 'broader, more fast-moving implementation agenda, spanning more departments'. Examples of areas of IU involvement range from 'superfast broadband to accident and emergency waiting times; the two-year childcare offer to Right to Buy'.<sup>286</sup> Another unit member told us that a lot of effort has been devoted to work around planning and housing. While there are mixed views within the unit on the degree of difference with its predecessor, one permanent secretary saw the IU operating mode of 'trying to do the early PMDU version' was 'exactly the right philosophy'.<sup>287</sup>

<sup>282</sup> Interview, 2013

<sup>283</sup> In late 2000 it was suggested that Michael Barber's team, which became the Prime Minister's Delivery Unit, might be called the 'Implementation Unit', which serves as a reminder that the exact terminology is not as important as what the units actually do and that differences can be overstated. Sylvester, R. 'Blair's 'hit squads' to rein back the Chancellor's power', *The Daily Telegraph*, 26 December 2000, retrieved 10 June 2014 from <http://www.telegraph.co.uk/news/uknews/1379341/Blairs-hit-squads-to-rein-back-the-Chancellors-power.html>

<sup>284</sup> Interview, 2014

<sup>285</sup> Mullin, C., 'Making things happen at the Implementation Unit', *Civil Service Quarterly*, April 2014, retrieved 10 June 2014 from <https://quarterly.blog.gov.uk/2014/04/16/making-things-happen-at-the-implementation-unit/>

<sup>286</sup> *Ibid*

<sup>287</sup> Interview, 2014

The PM and DPM set the agenda for the IU on a quarterly basis. Its core working method is the six-to-eight week 'deep dive' into a particular subject in collaboration with departments and also frontline services and customers. The final product is 'a short, focused report, clearly setting out issues and presenting actionable recommendations'. This is followed by discussion with ministers and those responsible and then there is follow-up to 'retain ongoing oversight of implementation. Support is available when needed'.<sup>288</sup>

Just as with PMDU, the prime minister is a key part of the process, but reflecting Cameron's preference for multilateral meetings rather than bilateral stocktakes in Number 10, the IU reports to the Growth and Enterprise Committee which meets monthly. 'He doesn't hold Barber-like stocktakes because he doesn't like them and they don't work for him. He actually prefers taking it to a committee where he prosecutes forensically the relevant secretary of state, puts them on the spot'<sup>289</sup> on the basis of a paper prepared by the IU and presented by the head. Apart from the forum, which enables other cabinet ministers to be present, the process does not seem that different from the PMDU method.

The Major Projects Authority is longer established than the IU, having been set up in 2011. It oversees the government's portfolio of major projects and divides them into five principal types: big infrastructure, service delivery, ICT, capability (which is about Ministry of Defence) and transformation. It focuses on helping prioritise and those which 'need central assistance'.<sup>290</sup> Its role is 'to challenge and support'.<sup>291</sup> It has been a place to bring in expertise from outside Whitehall and to instil rigour and discipline into what is perceived to be the Whitehall weak spot of project management.

It too has a stocktaking process reporting into the dual leadership of the Civil Service. There is a separate part of the process chaired by the Treasury – the Major Projects Review Group<sup>292</sup> which is responsible for approving and scrutinising the most complex and high-cost of the schemes within the government's major projects portfolio. That process was set up in 2007 and so predates the MPA. At the same time it has a capability-building role across Whitehall, exemplified by the establishment of the Major Projects Leadership Academy.

The MPA gets generally positive reviews both from departments and from the centre. One Number 10 official described the MPA as 'genuinely transformational on how much more seriously we're taking projects and programmes now, a bit like PMDU without the political controversy...they've built something there that is fit to last'.<sup>293</sup> This view is echoed by a permanent secretary who thought most of his colleagues valued the MPA. Departments also saw the MPA as adding value but noted the disconnect between the official processes

<sup>288</sup> Mullin op cit. His article contains a detailed description of an eight-week 'deep dive'.

<sup>289</sup> Roundtable, 2014

<sup>290</sup> Interview, 2014

<sup>291</sup> Roundtable, 2014

<sup>292</sup> In 2011 the National Audit Office described the Major Projects Review Group (MPRG) process: 'In 2007, as part of its validation and approval process for high-value projects, the Treasury established a Major Projects Review Group. The MPRG reviews projects that are over £1 billion, or projects which are particularly innovative or complex. It provides assurance to HM Treasury ministers on the deliverability, value for money and affordability of a project. The MPRG can recommend that a project proceeds, proceeds with conditions attached, or is stopped.' National Audit Office, *The Efficiency and Reform Group's role in improving public sector value for money*, NAO website, London, March 2011, HC 887 Session 2010-2011, p.26, retrieved 11 June 2014 from <http://www.nao.org.uk/wp-content/uploads/2011/03/1011887.pdf>

<sup>293</sup> Interview, 2014



around the MPA and the political side, so that concerns raised by the MPA with officials did not make it through to secretaries of state.

There is also some concern, particularly for small departments, being bombarded by information requests from a less than joined-up centre and about the point and tone of any intervention. The tendency is for the centre to be called in if something is off track. The MPA itself admits 'we need to get the right understanding of the support-challenge balance'<sup>294</sup> and a departmental representative argued that the centre needed to rethink its style of intervention. 'There needs to be a change in the tone of the conversation where the expectation is if you raise problems the result of that is not necessarily a tonne of bricks coming down on you, and where you get into a sensible conversation on how to manage those risks'.<sup>295</sup> That concern can manifest itself in a reluctance of departments to share information – until it is only too obvious that there is a failure – and the centre feels obliged to intervene, however much resented.

## People

The centre can either see its role as a simple compliance function – checking up on departments – or it can interpret its role more widely and support departments to achieve results in the selected areas. Performing the latter role depends on having people who can clearly add value to departmental efforts.

The MPA has been used to bringing in project management experience from outside government while the IU is staffed by civil service insiders – with a number of private sector recruits. Numbers are still relatively small: the Implementation Unit numbers about 30, smaller than PMDU which averaged around 50 staff.<sup>296</sup> The MPA has increased in size to around 60 staff.<sup>297</sup> The PMDU, in its early phase, brought in a mix of internal and outside consultancy skills but its credibility lay in the fact that its people 'became genuine world experts'<sup>298</sup> in the areas they were looking at. The MPA is building a similar reputation, and working with similar focus. 'You have people who have really got to grips with how does that project work and I think that is why it has such a high reputation with departments.'<sup>299</sup>

Trusting relationships between the centre and departments are seen as important for moving beyond compliance mode. Departments want to see a mix of staff in these units, who are not just serial centre lifers but have seen project management and implementation from the departmental perspective. Too many people who have spent their careers at the centre mean that 'relationships don't work as well as they should'.

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<sup>294</sup> Roundtable, 2014

<sup>295</sup> Roundtable, 2014

<sup>296</sup> Prime Minister's Delivery Unit, National Archives, retrieved 10 June 2014 from <http://webarchive.nationalarchives.gov.uk/20060715142152/cabinetoffice.gov.uk/pmd/>

<sup>297</sup> National Audit Office, *Major Projects Authority Annual Report 2012-13 and government project assurance*, London, February 2014, HC 1047 Session 2013-2014, retrieved 11 June 2014 from <http://www.nao.org.uk/wp-content/uploads/2015/02/Major-Projects-Authority-Annual-Report-2012-13-and-government-project-assurance.pdf> p.10

<sup>298</sup> Interview, 2014

<sup>299</sup> Interview, 2014

## Assessment

‘The political process does not guarantee sound implementation.’<sup>300</sup> Nor does it guarantee that departments will pursue prime ministerial priorities with the same degree of enthusiasm and vigour they apply to the agenda of their immediate boss. The rationale is to assure the prime minister that action is being taken to deliver commitments, ‘where there are specific prime ministerial priorities that [he or she] puts more weight on than the department does, but in most cases it’s just adding a bit of shoulder to the wheel’.<sup>301</sup>

The view from the centre – even from those who have initially been sceptical about the need for centralised progress-chasing capacity – is that, given the extent to which the prime minister is held personally accountable for what their government is doing, some central capacity on implementation is now indispensable, though the precise form will depend on prime ministerial priorities and management style and philosophy. But success still depends on the willingness of the prime minister to allocate some of their time to it. Likewise, additional capacity for assurance on management of major projects seems to make sense until there is real confidence that the problems that have bedevilled these in the past have been cracked.

But is it enough? The PMDU model has been one of the UK’s most successful institutional exports,<sup>302</sup> but in other ways we still seem to lag behind best practice in integrating performance management and assurance into central decision-making processes. The processes within government still strike those coming from a business background as ad hoc and amateurish. They are also surprisingly dependent on the personal appetite and time commitment of the prime minister.

A less ad hoc approach would feature both a collective approach to prioritisation and more systematic progress chasing. In the UK there is no collective or formal prioritisation process. Other jurisdictions have senior priority setting or strategy oversight committees and prime ministers use more formal processes to set priorities and link these both to ministerial and top official objectives. In Australia and Canada these include charter and mandate letters respectively that are sent by the prime minister to an incoming secretary of state. The UK had a brief flirtation with the system in the mid-2000s. In New Zealand there is a more public system of contracts between ministers and departments and the triennial Statements of Intent.<sup>303</sup> More detail on charter and mandate letters is in the box below.

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<sup>300</sup> Roundtable, 2014

<sup>301</sup> Interview, 2014

<sup>302</sup> Gold, J., Forthcoming report on delivery units internationally, Institute for Government and Mowat Centre

<sup>303</sup> For more on the New Zealand system of accountability between ministers and departments see Paun, A. & Harris, J. *Reforming Civil Service Accountability: Lessons from New Zealand and Australia*, Institute for Government, 2012, retrieved 10 June 2014 from <http://www.instituteforgovernment.org.uk/publications/reforming-civil-service-accountability>

### **Charter and mandate letters**

One way in which other systems have sought to avoid ministers losing sight of government objectives is through 'charter' or 'mandate' letters given to them on appointment. **Charter letters** for new portfolio ministers to outline their responsibilities were introduced in Australia in 1987, **mandate letters** in Canada a decade earlier. In the Australian case, the folding of 27 departments into 17 and the creation of junior ministerial jobs required issuing letters to tell ministers about their new responsibilities – and this inevitably touched on priorities in those areas. By the last Howard government of 2004-07 these had become detailed exercises in government priority setting. Drafted principally by advisers in the Department for Prime Minister and Cabinet with some political input from the Prime Minister's Office, the letters had two objectives. First, to outline functional responsibilities, and the expectations of ministerial conduct. Second, to explain the PM's priorities for that portfolio and outline government priorities for the three years. By the end of Howard's tenure as PM, these letters had become annual, and the performance bonus for each permanent secretary was partly awarded on the basis of whether the objectives in the letter had been achieved.

Mandate letters – similarly drafted by officials at the centre with political input – are issued at the start of a new parliamentary term (the 'mandate') and similarly outline basic issues about being a minister. They then explain what the prime minister expects the minister to do in their portfolio. Sometimes this might be vague and broadly empowering; sometimes more detailed, instructing delivery of certain policies or legislation. Jocelyn Bourgon as Clerk (cabinet secretary equivalent) introduced the practice of issuing all deputy ministers (permanent secretary equivalents) with mandate letters too.

Do these letters work? They require both the prime minister and minister to take them seriously. Canadian prime ministers have traditionally invested significant time in the letters, returning to them in subsequent meetings with ministers to check on progress. Ministers in turn use them as a guide to what the PM requires of them to succeed in their post. Yet as with any co-ordination tool, lack of interest means they fall into abeyance. Former Australian Premier, Kevin Rudd dispensed with the letters in favour of bilateral meetings at the start of his term.

Letters of instruction require prime ministers to want to instruct their colleagues and use that instruction to hold them accountable. They require ministers to be willing and able to deliver on those instructions (even if they run their own agenda in tandem), and the centre of government to be sufficiently knowledgeable about both the prime minister's priorities and the departmental agendas to draft useful letters – rather than having the department draft their own letters, as happened with some departments in the UK.

Successful arrangements for progress chasing from the centre to date have been characterised by focus on a small number of priorities. The PMDU was seen to lose its way and bite once it tried to manage across the broad suite of public service agreements. But this means that today's centre – that is, Number 10 and Cabinet Office – fall well short of anything like **comprehensive performance monitoring** that some people who come into government from the business world expect to see. 'There's another thing that the government does very badly indeed, which is follow up and performance monitoring... In a corporate environment you have a head of corporate planning function that makes sure that

things happen'.<sup>304</sup> This role could fall to the Treasury, though it has to date seen its role more as corporate financial controller than performance manager.

Does challenge (and support) take place at the right stage in the process? Should there be **earlier and more routine implementation challenge**? The Civil Service Reform Plan requires permanent secretaries to warn before a political decision is taken if there are likely to be implementation concerns.<sup>305</sup> But a characteristic of the central machinery to date is that it really only swings into action once concerns emerge that something is off track. While that makes sense with our model of departmental accountability, and everyone wants to avoid micromanagement from the centre (which would be a recipe for disaster), a number of people at our roundtable saw scope for earlier challenge and assurance on implementability. A Treasury participant thought that 'one of the key failings [of major projects] is not enough effort, or indeed scrutiny, goes in earlier rather than later'<sup>306</sup> and the MPA is looking at how it might be involved earlier, both at individual project but also at the portfolio level to help prioritise and identify points of stretch. EDS and the IU have also been engaged in some post-decision, pre-implementation ad hoc assurance. For example, EDS is doing this in the cases of collecting payments from foreign patients treated by the NHS, the badger cull, and the introduction of a charge for plastic bags in England. But early challenge is not as routine as it appears to be in Canada and in Australia, where the much better staffed Treasury Board Secretariat and Privy Council Office in Canada, and the Department of the Prime Minister and Cabinet in Australia (which has had a dedicated Cabinet Implementation Unit since 2003) see advance challenge as core to their role.

The Major Projects Authority is proving its worth and any future government would be foolish to dispense with that capacity. Prime ministers also need capacity to follow up progress on selected priorities – what those priorities are and how they choose to define them is clearly a strategic political choice as we have seen with the shift from detailed public service targets in the case of Blair, to the emphasis on making sure policies to counter the economic crisis and then remove supply side blockages. That should not be regarded as optional and should be part of the core offer to all prime ministers, but to be valuable it needs to be able to draw on specialist skill sets. Below we set out some of the design considerations for organising that capacity.

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<sup>304</sup> Interview, 2014

<sup>305</sup> HM Government, *The Civil Service Reform Plan*, London, June 2012, p.20, retrieved 11 June 2014 from <http://www.civilservice.gov.uk/wp-content/uploads/2012/06/Civil-Service-Reform-Plan-acc-final.pdf>

<sup>306</sup> Roundtable, 2014

**Design considerations: progress assurance****Structures**

- Require clear focused capacity to progress chase

**Processes**

- Integrate implementation assurance into initial decision making – potentially make core secretariat function
- Work collaboratively with departments and streamline central processes – make sure departments see value added
- Connect into prime ministerial priorities
- Streamline processes between the MPA and other machinery to avoid overload from the centre

**People**

- Bring in and develop specialist skills – use people who can bring real implementation expertise and can sort out problems

## 7. Incubating and catalysing change

We've tended to drive policy through little units.<sup>307</sup>

Prime ministers have also used the centre of government to challenge business as usual where they are not prepared to rely on existing structures. They have used these 'little units' to 'incubate' new ways of working, to deal with cross-cutting or neglected issues and to 'catalyse' change. In this section we look at what has worked and what has worked less well.

### Structures

The rationale for special units is to challenge departmental business as usual – drawing on the authority of the prime minister. That does not necessarily imply conflict – the Behavioural Insight Team (BIT) established a clear model of helping departments – but in most cases the existence of a special unit reflects the perceived need to do something differently.

That puts a premium on:

- 1) clear rationale for the unit and focus of mission
- 2) effective leadership
- 3) adding value
- 4) good governance, but finally and most crucially
- 5) prime ministerial interest.

There are also two other factors that everyone pointed to: it is 'more of a job to close down a unit than to set it up'<sup>308</sup> and that there is a tendency for units to stagger on well after their influence had waned. Lord Wilson told us that one of his early tasks as Cabinet Secretary was to ease out 'the rotting hulks of units from the Thatcher and Major years and invent new ones more suited to the new government'.

### Evolution

The first prime minister to make extensive use of special units was Margaret Thatcher who created the Efficiency Unit led by businessman, Sir Derek Rayner, to take forward studies designed to challenge Whitehall's working methods and management – issues in which the CPRS had been less interested.<sup>309</sup> Its most famous report was *Next Steps* in the late 1980s which revolutionised the way the delivery of many public services was organised.<sup>310</sup> The unit hung around under John Major but his new, big idea was promotion of the Citizen's Charter and a unit was established in the Cabinet Office to take that forward. That unit in turn survived until the next government came in.

Under Tony Blair, a number of units were established, including the Performance and Innovation Unit which we looked at earlier.

<sup>307</sup> Interview, 2014

<sup>308</sup> Interview, 2014

<sup>309</sup> For more of the Efficiency Unit see Haddon, C. *Reforming the Civil Service: The efficiency unit*, Institute for Government, May 2012

<sup>310</sup> Jenkins, K. & Gold, J. *Unfinished Business: Where next for Executive Agencies?* Institute for Government, 2011, retrieved 11 June 2014 from <http://www.instituteforgovernment.org.uk/sites/default/files/publications/Unfinished%20Business.pdf>

Another high-profile unit set up at the start of the Blair government was the Social Exclusion Unit (SEU). Its remit was to focus on complex social policy issues which had suffered 'from a failure of attention' and had left the machine 'perplexed'.<sup>311</sup> The issues it was dealing with were not particularly prime ministerial priorities, but required the sort of interdisciplinary, interdepartmental problem solving Whitehall was not good at. According to one Blair adviser it was 'a new way of doing government, joining up, breaking down ... getting to a point where we can say we have joined up government. And it did some pretty good stuff which has quite a lot of influence. But by 2001, 2002 it has pretty much faded'.<sup>312</sup> After a good first few years, it was marginalised once it moved from the Cabinet Office into the Office of the Deputy Prime Minister, which wanted it to focus only on its priorities. It was then given a new lease of life when it was reinvented in the Cabinet Office as the Social Exclusion Task Force. In a similar time frame, the Office for Public Service Reform was established and then withered away in the Cabinet Office and the Centre for Management and Policy Studies was set up by the Cabinet Secretary, failed to gain traction, and also disappeared.

Follow up to the July 1998 SEU report on rough sleepers led to the creation of a Rough Sleepers Unit in the Department for Environment, Transport and the Regions (DETR) in April 1999 to assume responsibility for a national rough sleeping policy.<sup>313</sup> Louise Casey was brought into government from Shelter to be its director. There were other SEU follow-up units, most notably on Neighbourhood Renewal, which was the SEU's largest piece of work 'an astonishingly complex web of projects'<sup>314</sup> based in the Office of the Deputy Prime Minister. But at the same time other, cross-departmental priorities were taken forward in departments, for example the Sure Start programme – designed to create a new 'early years' service for the youngest children – had cross-cutting governance but was based in the Department for Education and Employment.<sup>315</sup>

David Cameron has had one 'methodology unit', the Behavioural Insights Team now spun out of the Cabinet Office, which was established shortly after the election to work with departments to apply 'nudge' techniques across a range of government policy. It was tasked with delivering a return of savings 10 times its cost. Other parts of the centre under Cameron have also operated like special units. The Government Innovation Group in the Cabinet Office has championed various other agendas as part of efforts at civil service reform – from open data to open policy making and to the newly-established 'Policy Lab'. Other bits of the Cabinet Office are promoting mutual and 'open public services'. The Office for Civil Society (the successor in the Cabinet Office to the Office of the Third Sector) has also taken forward various elements of the Big Society vision that Cameron articulated before the election, but has seen its role as overseeing its own programmes rather than 'evangelising' at other government departments.

Successive governments have also had variants on better (or de-) regulation units.<sup>316</sup> Sometimes these have been based at the centre, sometimes in the business department – all with the aim of countering the natural Whitehall tendency to regulate. There have also

<sup>311</sup> Roundtable, 2014

<sup>312</sup> Interview, 2014

<sup>313</sup> A history of the RSU is included in House of Commons Library Standard Note SN/SP/2007, Wilson, W., *Rough Sleeping (England)*, April 2014, retrieved 11 June 2014 from [www.parliament.uk/briefing-papers/sn02007.pdf](http://www.parliament.uk/briefing-papers/sn02007.pdf)

<sup>314</sup> Interview, 2014

<sup>315</sup> See forthcoming Institute for Government case study of Sure Start centres.

<sup>316</sup> University of Manchester, Deregulation in the UK to 2006, University of Manchester website, retrieved 17 June 2014 from <http://www.policy.manchester.ac.uk/resources/regulation/balance/deregulation1948-2006/>



been less successful example of 'tsar' appointments at the centre, for example the early appointment of a 'drugs tsar' on the US model under Tony Blair.<sup>317</sup>

## Processes

Special units have the advantage of prime ministerial patronage to a greater or lesser extent, but they have the potential disadvantage that power, budget and resources often lie in the departments they are trying to influence. Prime ministerial patronage is not to be underestimated. That, combined with support from the Treasury, enabled Lord Young's Enterprise Unit in the 1980s to push through some notable changes – such as extending the Youth Training Scheme to a second year and introducing student loans – in face of departmental scepticism or outright opposition.<sup>318</sup>

Departments will usually, ultimately, be responsible for delivery and therefore their engagement is crucial to the change being landed rather than buried. There are various ways in which units have tried to overcome this.

Cross-departmental governance is one route. Both the PIU and the BIT had high-powered commissioning boards representing both the official and political sides. The BIT commissioning board was chaired by the cabinet secretary, with the head of the policy profession and key Conservative and Liberal Democrat special advisers on it. The PIU also had representation from Ed Balls, then the Chancellor's key special adviser, and David Miliband, head of the policy unit. In other cases there is a link back into cabinet committee machinery but although this can help with getting a degree of buy-in it can also risks absorbing resource. 'You really don't want to be servicing a committee. I'd have to employ another 10 people to service a committee and that's just a waste of time'.<sup>319</sup>

Another route is to run projects jointly with departments. This was the working method developed by the Efficiency Unit. Projects were initiated by departments, which had to nominate a relatively-young junior official to take it forward and a junior minister was tasked with sponsoring the project. It was also the way in which some later Strategy Unit projects were run. The early SEU used champion ministers from responsible departments to launch reports jointly with the PM, and also benefited from the support of the chancellor and his advisers.

The alternative model for delivery focused units is to base them in the responsible department. The Rough Sleepers Unit was based in the Department of the Environment, Transport and the Regions (and its successor Homelessness Directorate in John Prescott's Office of the Deputy Prime Minister). The Respect Task Force, successor to the Anti-Social Behaviour Unit, was based in the Home Office, and the Troubled Families Programme is in the Department of Communities and Local Government (DCLG). But the imposition of a unit can create another set of problems if the department, and the secretary of state, makes it clear that they regard it as an unwelcome central imposition.

<sup>317</sup> Young, K., Levitt, R., & Solesbury, W., 'Policy tsars here to stay but more transparency needed' and *Independent Advisers: Draft code*, King's College London website, 2013, retrieved 17 June 2014 from <http://www.kcl.ac.uk/sspp/departments/politiceconomy/research/tsars.aspx>

<sup>318</sup> Private communication

<sup>319</sup> Interview, 2014

The norm was to leave budgets with departments, as the centre itself has limited resources. This was a significant weakness for the SEU – departmental reluctance to concede ‘led to action plans being watered down’<sup>320</sup> though the head of the Social Exclusion Task Force noted that lack of budget was also a spur to creativity. A Labour adviser noted that ‘the incubation role can be done effectively at the centre, but you need to attach to money’.<sup>321</sup> Louise Casey told us that she makes a dedicated ring-fenced budget a priority in negotiating a ‘tsar’ role.

Units have developed their own distinct methodologies. Methodology matters because being able to make a robust case for the superiority of the unit’s approach is crucial for influencing potential sceptics. The Social Exclusion Unit was not only a mixed unit in composition, bringing in a lot of external people with front-line experience, but also pioneered what the 2012 Civil Service Reform Plan calls ‘open policy making’. It ‘always drew on external advice’<sup>322</sup> but also used direct user insights from groups whose voices would not normally be heard in the policy process. The Efficiency Unit did short, time-limited projects.

Clarity on outcomes is also important. The SEU ‘set outcome-focused goals. Our task was to work out how to reduce social bad things’.<sup>323</sup> Some of the delivery units owned PSAs which helped boost the profile of the work – but could lead to conflict as well, as Louise Casey explained, ‘Instead of just meeting the rough sleeping target, I wanted to stop care leavers ending up on the street, stop ex-servicemen... we were clear we didn’t just want to meet the target and that was a source of tension between the delivery unit and ourselves’.<sup>324</sup> The BIT was set a rather different sort of target, to act as proof of concept – to earn a tenfold return on its costs – and to ‘transform policy in two areas’.<sup>325</sup>

All our participants agreed that the ultimate test of these units is if they succeed in changing business as usual. They are usually intended as temporary catalysts for change, rather than permanent features of the landscape. That means landing recommendations is important, but so is ensuring that those with executive authority and budgets take them forward. That has met with more variable success – for example on Neighbourhood Renewal implementing the strategy back in the department was ‘frustrating. It was supposed to be a 20-year strategy but by 2007 the people involved had drifted away’.<sup>326</sup>

Our participants agreed that however good a unit, it could usually only be a short-term fix for limited well-defined problems. ‘If an issue is big, you need to be in a department and you need a big hitter to support’<sup>327</sup> and for major issues a participant suggested that, if current structures don’t work, ‘if there is a permanent need, set up a department for it’.<sup>328</sup> One former unit head thought that ‘they all have a shelf-life, however worthy their initial aim and we should probably set them up as task and finish units’.<sup>329</sup>

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<sup>320</sup> Roundtable, 2014

<sup>321</sup> Interview, 2014

<sup>322</sup> Roundtable, 2014

<sup>323</sup> Roundtable, 2014

<sup>324</sup> Interview, 2014

<sup>325</sup> Interview, 2014

<sup>326</sup> Roundtable, 2014

<sup>327</sup> Roundtable, 2014

<sup>328</sup> Roundtable, 2014

<sup>329</sup> Interview, 2014

## People

People are a critical success factor for these units and bringing in a different mix of skills and experience is an important source of both value add and credibility.

The first and in many ways most important person is the prime minister as patron. 'If you're a central unit and don't have the buy-in of the prime minister you'll either die or wither on the vine'.<sup>330</sup> The PIU lost its way when it became clear the prime minister wasn't particularly interested in its outputs and was turning to his own advisers, notably Lord (John) Birt, to challenge Whitehall thinking. 'The point is all these units depend on whether or not they are perceived to have the prime minister's ear and as soon as they have lost the prime minister's ear, or prime minister's interest, then they're done for'.<sup>331</sup> This explains why the decision to move the SEU from the Cabinet Office to ODPM proved so debilitating – and also explains why units like the Citizen's Charter Unit fail to survive a change of government. Unit heads at the same time need to take care not to make too many demands on the prime minister, not to wear out that limited attention span.

The second critical success factor is the leadership of the unit. The ideal leader is someone who can combine both operating nous around Whitehall with independent credibility and the ability to create their own 'powerbase' – though the exact operating style depends on the operating environment for the unit. Moira Wallace (SEU), David Halpern (BIT) and Louise Casey can all claim to have presided over successful units. Each had very different operating styles but each could claim personal authority in their area. One of the ways of creating that authority is for the prime minister to make clear that the unit head is a personal appointment. Louise Casey viewed the fact that her appointment as head of the Troubled Families Unit was announced by Cameron as: '[making] a big difference because of course I had worked under the previous two administrations and people automatically think [about] where my political sympathies lie, so therefore it was quite an important signal that I was happy to work under any political leadership if the cause was the right one'.

A unit head needs to be able to step up and 'claim power' but also – particularly in the more delivery focused roles – be prepared for a level of personal accountability which is very different from run-of-the-mill civil service appointments. 'That's the great thing about having central units with single individuals at the top of them, is that ... you don't give them all of the power but you certainly give them all of the accountability and responsibility'.<sup>332</sup>

At the same time Lord Wilson saw the wrong leader for the role as an important factor in the demise of the CMPS. 'Although it successfully revived training for senior civil servants it never really worked as a resource for policy makers, and I think we probably appointed the wrong person for the latter role, distinguished though he was.' Although its director brought 'vision and an enthusiasm to the role', his inexperience of Whitehall meant he 'may have struggled to navigate the political obstacles and culture peculiar to Whitehall'.<sup>333</sup>

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<sup>330</sup> Interview, 2014

<sup>331</sup> Interview, 2014

<sup>332</sup> Interview, 2014

<sup>333</sup> Haddon, C., *Reforming the Civil Service: The Centre for Management and Policy Studies, 1999-2005*, p. 18, Institute for Government, 2012, retrieved 9 June 2014 from <http://www.instituteforgovernment.org.uk/publications/reforming-civil-service-cmps>

The third strength of units is their ability to bring different people in to work together. The BIT brought together people with experience in ‘strategy and running randomised control trials’.<sup>334</sup> The original Forward Strategy Unit brought in consulting skills at the time not widely available in Whitehall: ‘We drew on a wide variety of backgrounds – McKinsey, Bain and KPMG’.<sup>335</sup> The SEU mixed civil servants with frontline practitioners. Louise Casey has developed a team she insists on taking with her of people who ‘are really able to go out there and do the job, interpersonal skills being the most important thing. We have to recruit people that people want to be in a room with when they go out from here’. The prospect of working in Whitehall on an issue they know and care about can also attract in people who would run a mile from a standard civil service career. Naomi Eisenstadt, brought in from the voluntary sector to head the original Sure Start Unit in the Department for Education and Employment (DfEE) then head of the Social Exclusion Task Force, told us: ‘It is thrilling to get the call from Whitehall. It opens up government to real expertise but also made experts face up to implementation issues’.<sup>336</sup>

## Assessment

Special units are a potentially useful if limited device for prime ministers to counter conservatism in Whitehall or to address an issue which falls between departmental silos. But experience to date suggests they face an uphill battle to change things – and this requires a combination of prime ministerial and top official support, dynamic and credible leadership, the right blend of people and a clear defined purpose to work.<sup>337</sup> They also need to be able to access budgets and land their proposals with the relevant agencies. The apparent inevitability of loss of prime ministerial focus over the electoral cycle means they are best suited to issues where real progress can be made over two to three years. A number of people suggested that they should be formally time limited to prevent zombie units staggering on long after their political impetus has waned.

### Design considerations: incubator and catalytic units at the centre

To succeed such units need:

- to address a clear gap in existing structures or deficit in existing working methods – that cannot be addressed by other means or by an existing department
- clear backing from the prime minister who is prepared to commit at least some time to supporting them
- clear focus – both on issue and on what they are trying to achieve
- a clear timetable – and a positive decision to renew at a point when effectiveness can be evaluated
- a head whom the prime minister is prepared to back personally in battles with recalcitrant departments and secretaries of state (and with a clear mandate to the cabinet secretary to use his networks to support the unit)
- Sufficient resources to do the job, including the flexibility to bring in credible outsiders.
- ability to bring in outside skills and expertise

<sup>334</sup> Interview, 2014

<sup>335</sup> Interview, 2014

<sup>336</sup> Roundtable, 2014

<sup>337</sup> These are very similar to the success factors we distilled for civil service reform efforts more generally. See Panchamia, N. & Thomas, P., *Civil Service Reform in the Real World*, Institute for Government, March 2014, p.82

## 8. Communications and external relations

From 1997 there was a push to professionalise, to strengthen the comms at the centre, to strengthen integration with departments, but also to make sure that the centre had additional communications capability.<sup>338</sup>

A key role of the prime minister is to be communicator in chief for the government and the party both in Parliament and outside. The prime minister is now expected to be able to answer for government across the whole range of business. Successive communications operations in Number 10 have tried to put in mechanisms to co-ordinate the government message across the whole machine, struggling against departmental reluctance to be marshalled.

The communications operation in Number 10 is dominated by the routines around daily lobby briefing of dedicated Number 10 press corps and weekly PMQs. Number 10 steps in to take an even higher profile during a crisis.

But the prime minister is also owner of longer-term strategic narrative about government and party – as one interviewee put it ‘the washing line’,<sup>339</sup> off which other departmental activities should hang – and needs to plan his time, engagements and use of PM collateral (Number 10 patronage etc) to promote that. Taking a longer-term, more thematic approach to government communications has however been an area where governments have struggled. There is also a need for governments to adjust to the external media environment and to find ways of keeping in touch with external opinion. Governments have adapted to the demands of 24/7 rolling media and using digital platforms, but it is not clear they are as yet as effective at using these as methods for listening as well as broadcasting.

### Structures

The Number 10 press operation remained broadly unchanged from Margaret Thatcher to John Major, with only a change of personnel at the top. Both Thatcher and Major used civil servants as their official press spokespeople (although Bernard Ingham became extremely closely identified with Thatcher). But by the end of the Major era, in the lead-in to the 1997 election, it was becoming clear that the operation was no longer fit for purpose. A member of the press office at the time noted:

The government was run ragged politically, but it was also run ragged in terms of how the media was used by the opposition to set the agenda in a way ... that I don't think the government machine at the time was able to deal with ... for example there was no media monitoring service. The first editions would come out and it was a mad scramble to find out what was going on ... it was just a little bit hand to mouth.<sup>340</sup>

This was a contrast with the much more disciplined media operation which the incoming government had got used to in opposition. Alastair Campbell quickly formed a negative view of departmental heads of information. ‘They were full of problems, and very few ideas. The

<sup>338</sup> Campbell, A., *Power & The People, 1997-1999: The Alastair Campbell Diaries Volume Two*, London, 2011, 6 June 1997, pp. 46 and 51

<sup>339</sup> Interview, 2014

<sup>340</sup> Interview, 2014

majority were well meaning, but the culture in which they had grown up was just way behind the times.<sup>341</sup>

This was not just a political view; a number of civil servants equally despaired of the communications operation under the Conservatives. Campbell's diary records Lord O'Donnell, Major's press secretary, recommending reform of the Government Information Service, and Sir Christopher Meyer – O'Donnell's predecessor – told Campbell to use his 'political clout' to reform it.<sup>342</sup> One of Campbell's first acts was to transform the media operation not only in Number 10 but also, via the Mountfield Review, to professionalise the entire Government Information Service.

This wasn't just about handling daily communications better. In addition, machinery was created that could provide a 'longer-term lens and could look more strategically at the government's longer-term communications challenges'.<sup>343</sup> That bit of machinery was the 'Strategic Communications Unit', which introduced a very specific planning mechanism to achieve better co-ordination – 'the Grid'. The Grid was the successor to various previous, but relatively unsuccessful, attempts to co-ordinate government communications. These included Thatcher's admonition to departments to appoint their own 'minister for the Today programme' to the attempt to use some early information technology. For example, under Major there was an electronic 'Cab-E-Net' system for submitting cabinet papers, one called Agenda, and a cabinet committee dedicated to communications co-ordination. But all had suffered from a lack of departmental compliance. 'The problem remained that people were putting rubbish on the system, the entries were gobbledegook.'<sup>344</sup>

The SCU itself was not a big unit. It consisted of around six people. One former member described it as 'an umbrella for bits of communications which didn't fit in the Press Office'<sup>345</sup> with 'each job discrete and not much connection between them'.<sup>346</sup> It allowed some people to stay separate from the day-to-day press operation and focus on the longer-term – whether planning announcements three to four weeks away, or 'working with the diary team to have a nine-month view of what the PM is doing with his time ... to focus [the PM's] time on the priority and suitable activities'.<sup>347</sup>

The Phillis Review in 2003 led to the creation of a new role: the Permanent Secretary, Government Communications, to head the profession across government and preside over capacity in the Cabinet Office. The first appointment was of Howell James, former political secretary to Major. His role was 'to ensure that communications directorates across government are fit for purpose and that we have a vibrant and confident network of communicators'. Beyond this head of profession role, James was responsible for 'co-ordinating cross-government issues more effectively'. Although the prime minister's civil servant press officers officially reported to him, James was 'not involved in the day-to-day media handling' which remained the Number 10 director of communication's primary

<sup>341</sup> Campbell, A., *Power & The People, 1997-1999: The Alastair Campbell Diaries Volume Two*, London, 2011, 2 June 1997, p.45

<sup>342</sup> Campbell, A., *Power & The People, 1997-1999: The Alastair Campbell Diaries Volume Two*, London, 2011, 6 June 1997, pp. 46 and 51

<sup>343</sup> Ibid

<sup>344</sup> Interview, 2014

<sup>345</sup> Interview, 2014

<sup>346</sup> Interview, 2014

<sup>347</sup> Interview, 2014

responsibility.<sup>348</sup> James could provide an independent view, where needed, to support impartial civil service communicators ‘in an adversarial political environment’.

The permanent secretary post was abolished by the Coalition after the 2010 election and the communications functions of the Cabinet Office and Number 10 were brought together under an executive director of communications. The Number 10 press office still reports to the Number 10 director of communications. The motivation was both to bring more resource into Number 10, but also to improve the joining up of cross-government campaigns around prime ministerial priorities more effectively, with people citing the GREAT Britain campaign as an example of the new model working.<sup>349</sup>

The new government was not particularly convinced of the need for a distinct strategic communications function although it kept the Grid. Instead, one of the big challenges has been to construct a communications effort that could work for a coalition. The solution was to put Liberal Democrat media advisers into the Number 10 communications operation and to liaise with the deputy prime minister’s press secretary. But one of the problems of coalition was that, although formal structures could remain in place and appear the same, breakdowns of trust meant that processes degenerated. For example, Liberal Democrats thought their Conservative counterparts were ‘hoarding announcements’<sup>350</sup> and noted that fewer and fewer people attended Grid phone calls, devaluing their usefulness. Lack of trust was, of course, not unique to coalition but a characteristic of any highly-factionalised government.

## Processes

The core processes to manage communications are daily meetings and longer-term planning efforts. All strive to co-ordinate effectively across government.

Under Tony Blair a daily 8.30 meeting was established, taken by Alastair Campbell, ‘to ensure announcements were cleared and known about ... the departments had an invitation but in practice only the big core delivery departments went’.<sup>351</sup> This could change if another department had a big news story. Attendees were a mix of heads of news and special advisers. A big process change under the last government was the early decision to put the daily lobby briefing from Number 10 on the record – and to circulate the lobby notes to departments – so they could see the issues being raised. Both these sound like minor bits of good housekeeping but both were described by a former colleague as ‘very effective’ ways of promoting better integration of communications efforts. Under David Cameron there are two daily meetings – at 8.30 and 4.00 – but these are as much about resolving whatever the issue of the day is as pure communications. The Cabinet Secretary often attends as does the Chancellor.

<sup>348</sup> Interview with Howell James, ‘Government Communications in the United Kingdom’, *Ethos*, July 2005, retrieved 10 June 2014 from <https://www.cscollge.gov.sg/Knowledge/Ethos/Ethos%20July%202005/Pages/Government%20Communications%20in%20the%20United%20Kingdom.aspx>

<sup>349</sup> The GREAT Britain campaign is a co-ordinated communications campaign by government to promote the UK abroad. Cabinet Office, *Britain is Great*, Gov.UK website, retrieved 17 June 2014 from <https://www.gov.uk/britainisgreat>; House of Lords, *Soft Power and the UK's Influence*, evidence from Alex Aiken, Executive Director for Government Communication, Cabinet Office, and Conrad Bird, Director of GREAT Britain Campaign in the Prime Minister's Office, 2013, retrieved 17 June 2014 from <http://www.parliament.uk/documents/lords-committees/soft-power-uk-influence/soft-power-ev-vol1-a-g.pdf>

<sup>350</sup> Roundtable, 2014

<sup>351</sup> Interview, 2014



The second big co-ordination mechanism designed to give Number 10 a grip on the future news agenda was the Grid (described in the box below). This was both a planning tool for Number 10 and a key co-ordination and compliance mechanism. The key breakthrough of the grid was that departments realised that it was in their interests to alert Number 10 early to potential announcements.

They didn't want to tell us what they were doing in case we didn't like it or the prime minister nicked it, and they generally thought it was improper for Number 10 to have this sort of role.... [but then] the pennies started dropping all over Whitehall and officials started to realise that if they were going to do something, then they wanted to own up early to get a good grid slot.<sup>352</sup>

The Grid also became a mechanism for co-ordination across both the cabinet and for the prime minister to keep abreast of what his government was doing. Even so, the further out, the thinner the material.

This was where the Strategic Communications Unit (SCU) was supposed to come in, liaising both with the diary managers and the policy unit to plan longer term. The key thing about the SCU was the deliberate separation from the press office. The SCU sat in 'a separate room, a side office. We didn't have TVs on and it was quieter. Sometimes press office people would come in and flop in a seat in my office and unload, get some advice and then go back out and firefight'.<sup>353</sup> A number of people emphasised the need for separation to prevent the people looking longer term (even if that was just a week or two ahead) from being sucked into the day-to-day.

### **The Grid**

The 'Grid' became a famous news management tool under new Labour. It seems to have succeeded where previous attempts at central communications co-ordination failed.

Its origins lay in the Mountfield Review (1997-98) of government communications which recommended a Strategic Communications Unit (SCU) and media monitoring service at the centre of government.<sup>354</sup> One part of this new approach to strategic communications was the Grid. It was set up by Alastair Campbell as a news management tool to prevent either the message or timing of announcements conflicting, and to avoid external events overshadowing important announcements.<sup>355</sup>

The Grid is a detailed fortnightly diary of departmental announcements, with outlines for the next two months. A subject's position on the Grid indicates the weight it carries. Top-line government news such as spending reviews and white papers are followed by other news, such as National Audit Office (NAO) reports on departments. Below this are external events, with significant stories in bold. External events include big news items such as major court

<sup>352</sup> Interview, 2014

<sup>353</sup> Interview, 2014

<sup>354</sup> Select Committee on Public Administration, *Sixth Report*, Session 1997-98, para. 26-29, retrieved 17 June 2014 from <http://www.parliament.the-stationery-office.co.uk/pa/cm199798/cmselect/cmpubadm/770/77010.htm>

<sup>355</sup> McBride, D., *Power Trip*, London, 2013, p. 103.

cases<sup>356</sup> as well as events previously considered outside the realm of politics which can dominate news.<sup>357</sup>

As the Grid was a planning tool, Campbell sought planning rather than press office skills to run it. The Grid Manager between 1998 and 2011, Paul Brown was widely respected within government and among journalists.<sup>358</sup> Brown had been a Parliamentary Clerk in the Department of Health and later worked for the Chief Whip where he became known for business processing and 'dotting Is and crossing Ts'.<sup>359</sup>

To make the Grid work, its manager needed good information, and those running it needed good news judgement. Brown systematically collected and processed information weekly from departments. To gain this intelligence, compliance from departments needed to be secured and this took time. In 2001 the prime minister had to write to departments to emphasise the importance of co-operation. Increasingly, newly-established departmental 'communications planning units' (CPUs) saw the benefits of securing a good Grid slot.

Making the right judgement about what should make the news is difficult. However, interviewees told us the Grid had a high strike rate, given that no more than 10% of what government was doing was included.

The Grid became a key part of internal and interdepartmental co-ordination. Initially the Grid was circulated around Number 10 every Thursday evening, followed by a Friday morning meeting chaired by one of the PM's key advisers. Attendees included members of the SCU, press officers, private office and policy unit.<sup>360</sup> It also gave Tony Blair insight into what his government was doing. Blair paid close personal attention to the Grid, annotating it each weekend and frequently writing 'needs careful handling' next to anything likely to be big news.<sup>361</sup>

It also gave Number 10 the intelligence and opportunity to intervene to head off potential public relations blunders. For example, in 2008 Gavin Kelly and Dan Corry (senior Number 10 advisers) spotted 'MoJ: Cemetery Management' in the Grid, and discovered the department was planning to consult on digging up graves in high-value areas to sell off land.<sup>362</sup>

But openness also brought risks. Initially the full Grid was sent out to all departments to encourage openness, but at times frustrated heads of information found their announcements leaked to the press.<sup>363</sup> As a result, an edited version of the Grid containing fewer details was sent to departments. For example the headline 'Byers: scrapping of Railtrack...' became 'Byers: railways'.<sup>364</sup> To avoid clashes, departments only had to know of

<sup>356</sup> Interview, 2014

<sup>357</sup> Wilson, G., 'Organise your life the Downing St way', *BBC News online*, 25 May 2004, retrieved 17 June 2014 from <http://news.bbc.co.uk/1/hi/magazine/3746191.stm>

<sup>358</sup> Singleton, D., 'Downing Street media grid guru Paul Brown set to quit', *PR Week*, 13 January 2011, retrieved 30 March 2014, <http://www.prweek.com/article/1048903/downing-street-media-grid-guru-paul-brown-set-quit>

<sup>359</sup> Interview, 2014

<sup>360</sup> McBride, D., 'Whither the Grid?', 2013, Damian McBride's blog, retrieved 30 March 2014 from <http://dpmcbride974013.tumblr.com/post/40419971728/whither-the-grid>

<sup>361</sup> Interview, 2014

<sup>362</sup> McBride, D., *Power Trip*, Biteback Publishing, 2013, p. 183.

<sup>363</sup> Interview, 2014

<sup>364</sup> Interview, 2014

the existence of other announcements, not their content. Despite this, headlines could still be deciphered and this became known in Westminster as ‘trading off’ or ‘busting’ the Grid.

The Coalition manages the Grid differently. The SCU was abolished and Paul Brown was joined by Tim Chatwin, a Conservative special adviser. Information now comes through political channels as well as from CPUs.<sup>365</sup> Although the Grid is still used, one senior official – who worked at the centre during the late Labour government and the Coalition – has described how numbers at grid meetings have dwindled and the big decisions are no longer made there.<sup>366</sup> One senior figure working in Number 10 communications claimed the Grid leaked endlessly during 2010-12, suspecting insiders sympathetic to the Opposition were responsible.<sup>367</sup>

The Grid has succeeded in delivering better co-ordination of government communications and has not joined the graveyard of previous failed attempts.

## People

Prime ministers need both an official and a political press operation and those two need to work very closely together. Our interviewees agreed that the choice of official or political appointee as official press spokesman mattered less than whether the person was well informed and could clearly and authentically speak for the prime minister. There is a sense that in the early days of the Labour government, the communications effort itself risked overshadowing what the government was doing. A member of the Number 10 press office at the time explained:

‘Did communications itself become too big a part of the story and the narrative around government? ... You could argue on one level that certain individuals at the time, Alastair and Peter Mandelson, became lightning conductors for the prime minister, but on another level it became too definitional.’<sup>368</sup>

The plus side of a very close political adviser is that they can weave the official and political narratives together. But an official can find it easier not to be drawn into comment, and deflect questions to the political operation.

There was general agreement that the working arrangements within Number 10, with a mix of advisers and career press officers sitting side by side, work well. But Number 10 is at the centre of a much wider government co-ordination effort and the separate agendas of other departments risk undermining those efforts. One former official pointed to the problems caused by the arrival, with the new Labour government, of large numbers of media special advisers dedicated to promoting their bosses’ interests. The well-founded lack of trust on how some people would use information meant, for instance, that the Grid was boiled down to minima in an attempt not to share information too widely across Whitehall. A number of people told us they suspected others of abusing the information for a private agenda.

There is a clear need for a mix of skills and getting the right people to do the right job. As well as a highly-attuned daily media operation, the Grid process is seen as best run by

<sup>365</sup> Interview, 2014

<sup>366</sup> Roundtable, 2014

<sup>367</sup> Interview, 2014

<sup>368</sup> Interview, 2014

someone with planning, rather than press office, skills. Paul Brown, who ran the Grid for more than a decade, had been a Parliamentary Clerk at the Department of Health and was described as ‘probably one of the greatest signings at Number 10’.<sup>369</sup> Likewise the SCU was staffed by people with a mix of special adviser, official and journalistic backgrounds, but who all shared the key attribute of being able to resist the allure of the press office and day-to-day contact with the press. Some of the SCU, including Paul Brown, barely ever met members of the press.

A vital part of the Number 10 operation, which has tended to be carried out by individuals rather than embedded in structures, is maintaining a wider network of external relations. The policy unit has played a critical role in maintaining links to think tanks and specific policy stakeholders, and the political office, paid for by the party, maintains links to party HQ. But a number of prime ministers have also had someone in charge of more general external relations – a role to which Cameron has now appointed his former Press Secretary Gabby Bertin. She is responsible ‘for forging – and maintaining – Downing Street’s relations with business, pressure groups and charities’.<sup>370</sup>

## Assessment

News management and co-ordination is a core function for the centre. The critical success factors are that people who speak for the prime minister have the necessary authenticity and authority. Coalition made positioning the Number 10 press office more difficult as it opened up more of a distinctive chasm between communications to support the prime minister and communications to support the government. There was always a risk of suspicion that one side was trying to gain political advantage over the other by not disclosing announcements to each other. Although the Treasury seems to have become the default department of choice for official spokespeople (three of the last four holders of the post are former Treasury officials), Number 10 desperately needs people who understand the tabloids as much as the *Financial Times*.

While the Campbell/Mandelson regime made significant progress in instilling some sense of co-ordination into the Number 10 media operation and built some more forward capacity, ultimately the success of such efforts depends on co-operation from other departments – and minimising the capacity for it to be undermined in a way that corrodes trust. Even so, all our respondents made clear that even the best-organised media operation could not offer complete protection from external pressures and honest misjudgements.

Many of our interviewees felt that, despite all these efforts, no government had managed to build a convincing strategic narrative for the government as a whole, as opposed to managing individual announcements in a more coherent fashion. The communications professionals at our roundtable pointed to the difficulties the centre had in sticking to the themes and core messages selected by political strategists proactively to highlight what the government was doing. That inevitably meant that departments who did not feature on the core narrative wanted to get their messages out too. The times that co-ordinated communications worked best were in crises when there was less risk of another story

<sup>369</sup> Interview, 2014

<sup>370</sup> Forsyth, J., ‘Graeme Wilson of The Sun to be new Downing Street press secretary’, *The Spectator*, 27 August 2013, retrieved 25 June 2014 from <http://blogs.spectator.co.uk/coffeehouse/2013/08/graeme-wilson-of-the-sun-to-be-new-downing-street-press-secretary/>

blowing the prepared theme out of the water. But one of the most effective communications devices for Number 10 is simply to use Downing Street and the convening power of the prime minister to promote causes and issues he or she is interested in.

From a party perspective, the Policy Board has been established as a way of ensuring that the prime minister has better links with backbench thinking and the new external relations role is designed to keep the prime minister in touch. Cameron has also appointed a former minister, John Hayes MP, as his Parliamentary Adviser.

All this is still about a centre in ‘broadcast out’ mode. Geoff Mulgan has suggested that government needs to be more porous, better at social listening and capable of engaging in ‘dialogue as well as monologue’.<sup>371</sup> The Number 10 online petitions system (now migrated to Parliament) represents one way of picking up on issues that elements of the public feel passionate about. But so far Number 10 has made limited use of social media to engage with the public rather than simply tell it what the prime minister is up to.

The decision to abolish the permanent secretary communications role does not seem to have had a major impact on the organisation of communications for the prime minister – but it is arguable that this role did provide more independent leadership to the communications profession than would come from someone who simply managed communications on behalf of the prime minister and Cabinet Office. As the scope for tension rises between those two roles in the last year before an election, the decision to abolish might need to be reviewed.

Communications is one of the areas where prime ministers will have the strongest views. Below we suggest some design considerations for that capacity.

#### **Design considerations for the central communications operation**

It needs to be able to:

- Represent the prime minister’s views with authenticity: this is the most important factor in determining the choice of official spokesperson.
- Co-ordinate across government: the Grid mechanism and associated pieces of process now seem to be an essential mechanism – the centre needs to create a culture both of compliance and trust.
- Plan longer-term: Number 10 represents a huge opportunity to use the prime minister and Downing Street to promote issues and causes, but that requires a capacity to plan which needs to be ring-fenced from day-to-day business.
- Listen as well as tell: communication needs to be a two-way process and there needs to be capacity both to pick up and engage from the centre, as well as simply broadcast out.

<sup>371</sup> Mulgan, G. *Rewiring the Brain: A rough blueprint for reforming centres of government*, January 2014, retrieved 10 June 2014 from [http://www.nesta.org.uk/sites/default/files/reforming\\_centres\\_of\\_govts\\_-\\_geoff\\_mulgan.pdf](http://www.nesta.org.uk/sites/default/files/reforming_centres_of_govts_-_geoff_mulgan.pdf)

## 9. Centre forward?

The UK centre has proved to be fluid and adaptable. The various tactics adopted by prime ministers to address problems and promote priorities from the centre have included:

- Bringing in extra dedicated **firepower and skills** not readily available in the civil service – as with the PMDU and the FSU/PMSU which drew heavily on management consulting skills.
- Bringing in **policy expertise** and appointing heavyweight **policy entrepreneurs** – especially into Tony Blair's policy unit.
- Using the Cabinet Office in a **more activist** way – as Gordon Brown did with the NEC and David Cameron has done with both the NSC and the use of EDS and the implementation unit.
- Establishing special units to **challenge** ways of working in Whitehall and the existing policy paradigm (Efficiency Unit, PIU, 'regulation units', Social Exclusion Unit, Government Innovation Group) and **take forward** specific areas of prime ministerial concern.
- The creation of a new chief of staff role by Blair to **integrate** the political and executive sides of Number 10.

Some argue that this fluidity is a virtue. However, it could equally reflect the weakness of the 'core offer' to the prime minister on taking office. Professor Rod Rhodes countered the conventional narrative about 'centralisation' in the centre of government.

The numbers directly involved in supporting the prime minister are still small in relation [to] core executives in other countries; the tasks to be carried out; and the much greater numbers of civil servants in policy departments. The increase in size [under Blair] illustrates the centre's sense of its own weakness. It is a power grab, a reaction to felt weakness and shortcomings, a response to baronial power and a frustration with the inability to pull effective levers.<sup>372</sup>

Although Blair's successors have 'grabbed power' in a less overt way,<sup>373</sup> they have all, as we have seen, acted while in office to bolster parts of the capacity round them as they experienced 'the felt weakness and shortcomings'.

### The core offer to prime ministers

There is no reason why a prime minister should not be able to call on a number of essential capacities, such as:

- capacity to understand and shape what the government is doing and drive forward their own ideas with an effective private office and policy unit
- capacity for more 'positive' co-ordination by the Cabinet Office along the lines of the National Economic Council and National Security Council and on European issues,

<sup>372</sup> Rhodes, R.A.W., 'Understanding Governance: Ten years on', *Organisation Studies*, 2007

<sup>373</sup> It should be noted that Brown was prime minister for three years, and Cameron for four years to date compared to Tony Blair's 10 years. Blair significantly increased the centre's capacity from 2001 onwards, discovering its 'felt weakness' in his first term.



with well-resourced secretariats able to quality assure the proposals coming forward and enable the prime minister to challenge proposals effectively

- capacity for longer-term policy development to deal with cross-cutting, complex and less time-bound policy issues. This may or may not take the form of a dedicated unit, but the centre needs to have the ability to mobilise the needed skills and expertise when issues emerge, even if the prime minister does not want a standing capacity. This could include building in capacity to support task forces or reviews
- capacity for progress chasing but also implementation support on major projects and government priority programmes with the requisite skills and experience to add value to departmental action. Prime ministers may take less personal interest in the good management of major projects, but this is an area of systemic weakness and reputational risk and they need to support the existence of this capacity and signal its importance to their colleagues
- capacity to establish effective mechanisms rapidly to 'incubate' and catalyse change on prime ministerial priority areas, especially through dedicated units, and to learn lessons from the past experience of those units
- capacity to plan and co-ordinate longer-term communications and external engagement to answer for government across the whole range of business.

Capacities at the centre need to be flexible enough to bring the right people in or provide support to outsiders who may bring needed skills, expertise or authority to these roles. The ability to mix insiders with outsiders is a strength of the policy unit and was a strength of the strategy units, PMDU and a number of special units.

The prime minister could continue to get day-to-day support from his official support staff and closest political advisers based in Number 10. But a 'core offer' along the lines above would provide the stronger, more stable, and more professional capacity required to help the prime minister bridge from Number 10 to the wider government machine.

Prime ministers could still be free to decide how to use the capacity on offer. While for good government the capacities are essential, the exact configuration and style in which they work can be tuned to their own style, priorities and interests, as well as the needs and context of the day. But they would no longer need to invent, or reinvent, capacity that should be part of this core offer.

As the most senior civil servant, the Cabinet Secretary needs to take responsibility for ensuring that these capacities are, or can be made available to a prime minister. That is a key part of his stewardship role.<sup>374</sup> In doing this the Cabinet Secretary should work closely with departmental colleagues.

If the system does not provide prime ministers with the support they need, recent experience suggests they may look elsewhere and create parallel, and potentially less effective, forms of support. Lord Turnbull (Cabinet Secretary from 2002-05) articulated this risk:

If you say to the prime minister, 'We in the Cabinet Office basically work for the cabinet and you, in so far as you are in the cabinet', I think that you will be inviting the prime minister to say, 'I will create my own apparatus'. The big danger is that, instead of treating the cabinet

<sup>374</sup> Paun, A., & Harris, J., *Accountability at the Top*, Institute for Government, December 2013, retrieved 17 June 2014 from <http://www.instituteforgovernment.org.uk/publications/accountability-top>



secretary and his staff as his life support system, his absolute, number one, turn-to-first adviser – which is what I think should happen – he then creates an apparatus of his own vastly inferior quality. That, to me, is the big danger.<sup>375</sup>

Failing to ensure that these essential capacities are provided means, in the words of one Number 10 insider, ‘allowing the prime minister to run it [the centre] as if it’s a court, but it led to the most incredible disorganisation, inefficiency, and the prime minister was getting less good support than he [or she] might have had’. It is inevitable that there will be elements of a ‘court’ environment around a political leader, but a court alone cannot credibly be responsible for leading a £715 bn organisation.<sup>376</sup> It is in the prime minister’s interests to ask the cabinet secretary for their professional judgement of the support they need to run the government in the way they want. It is for the cabinet secretary and civil service leadership to offer these core capacities and adapt them to suit the prime minister. In doing so they can also draw on what has worked well (and less well) in the past and avoid the tendency to repeat and reinvent.

Providing a stronger core offer to prime ministers is uncontroversial in other constitutionally-similar systems, especially in the Departments of the Prime Minister and Cabinet in Australia and the Privy Council Office in Canada. There are three main differences between them, and what Number 10 and the Cabinet Office currently offer the UK prime minister.

- **Clarity of purpose:** it is unambiguous to a department for the prime minister and cabinet, and the rest of government, that it exists to support the prime minister as head of cabinet
- **Co-ordination, challenge and priority driving:** in serving this purpose the two departments provide more heft than offered by the Cabinet Office and Number Ten. For example, in Australia the Department of the Prime Minister and Cabinet evolved from what historians called a ‘post box’, offering basic secretariat support, into a ‘powerhouse’<sup>377</sup> – able to meet the prime minister’s need for expert advice and challenge departments, to convene taskforces and pursue priorities on his behalf – and when prime ministers wanted, became the natural home for their versions of the UK strategy and delivery units
- **Separation of partisan and administrative support:** in both systems, the prime minister is directly supported by a partisan prime minister’s office. While quite small compared to the rest of government, these mean there are more political advisers around the prime minister than the 23 in the UK: 56 in Australia and just under 100 in Canada.<sup>378</sup>

<sup>375</sup> Oral evidence to the House of Lords Constitution Committee, *The Cabinet Office and the Centre of Government*, 2010, Q.165

<sup>376</sup> Total managed expenditure (TME) forecast for 2013-14, Office for Budget Responsibility, *Economic and Fiscal Outlook*: March 2014, p.125, retrieved 2 July 2014 from <http://cdn.budgetresponsibility.org.uk/37839-OBR-Cm-8820-accessible-web-v2.pdf>

<sup>377</sup> Weller, P., Scott, J., & Stevens, B. *From Postbox to Powerhouse: A centenary history of the Department of the Prime Minister and Cabinet*, Sydney, 2011

<sup>378</sup> HM Government, *Special Advisers in post on Friday 25 October 2013*, retrieved 9 June 2014 from [https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/253081/SPAD\\_list\\_Live\\_UPDATE.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/253081/SPAD_list_Live_UPDATE.pdf); Canada: Private communication with Canadian government officials; Australia: Table 9: Government personal positions as at 26 June 2013, Department of Finance, *Members of Parliament (Staff) Act 1984 – Annual Report 2012-13*, retrieved 9 June 2014 from [http://www.finance.gov.au/publications/mops\\_annual\\_reports/2012-2013/13-personal-employee-allocations.html](http://www.finance.gov.au/publications/mops_annual_reports/2012-2013/13-personal-employee-allocations.html)

The third difference, however, cautions against following the precise example of the Australians and Canadians. There are significant disadvantages to an entirely partisan prime minister's office cut off from the official machine. It risks undermining the benefits of strengthening central machinery by insulating the prime minister from the administrative implications of their proposals or actions. Problems can emerge when instructions from the prime minister and advice from the department are mediated through often relatively-inexperienced and highly-partisan advisers. There is no obvious reason why the current mixed arrangement in Number 10, which functions quite effectively for the personal policy support the prime minister needs, would not work well alongside a strengthened Cabinet Office.

This proposition is more evolution than revolution. The domestic policy side of the Cabinet Office has enjoyed a renaissance under this government, which is partly the result of Coalition, and partly the result of the loss of competing capacity from a separate strategy unit and the decision to make the Implementation Unit part of the Cabinet Office structure. What needs not to be lost is the ability to access specialist skills when necessary. The change has been further helped by the otherwise much-criticised decision to split the roles of cabinet secretary and head of the Civil Service, giving Sir Jeremy Heywood the time to 'dual hat' as the head of domestic policy in the Cabinet Office and prime minister's (and DPM's) principal official policy adviser. The prime minister facing part of the Cabinet Office now looks like a *de facto* department of the prime minister and coalition. Much heat has in the past been generated by whether or not we should call it that. This longstanding, and essentially irrelevant, debate is a distraction from the real and urgent question of making sure prime ministers can call on the capacity they need.<sup>379</sup>

## Future challenges

There are foreseeable future challenges for the centre. The centre has had to evolve to support coalition government since 2010, supporting official processes for resolving disputes (through committees and the 'Quad') but also by supporting the deputy prime minister's political role. Officials need to be thinking now about how structures and processes at the centre could adapt to future coalition configurations and minority government. In the box below we capture some of the lessons from adjusting the centre for the Coalition government since 2010.

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<sup>379</sup> The basic outline of the academic debate was set out in 1983 by Patrick Weller, arguing for in Weller, P., 'Do Prime Minister's Departments really create problems?', *Public Administration*, Vol 61, Issue 1, and George Jones arguing against, in Jones, G.W., 'Prime Minister's departments really create problems: A rejoinder to Patrick Weller', *Public Administration*, Vol 61, Issue 1. The debate has not shifted a great deal since, other than arguments over whether Blair had in effect created his own department. For example, the BBC reported in 2001 that people were talking about a 'de facto' prime minister's department: 'More power for Downing Street', *BBC News online*, 22 June 2001, retrieved 11 June 2014 from [http://news.bbc.co.uk/1/hi/uk\\_politics/1402492.stm](http://news.bbc.co.uk/1/hi/uk_politics/1402492.stm)

### Adjusting to coalition

The centre had to adjust in 2010 to support the first peace-time coalition since the war. The key lessons from the UK experience of coalition so far are:

- There need to be specific additions to the decision-making machinery to support coalition: the Quad has become the place where critical issues are resolved, and the larger Coalition Committee has been little used.
- The division of chair and deputy chair roles, and the rules about not allowing one side to be overruled in a cabinet committee, seem to have worked.
- The civil service plays a bigger role in establishing the facts to allow ministers to focus on the political trade-offs to be made, and needs to be resourced to do this.
- Notwithstanding that, coalition also requires special adviser support – the leader of the junior partner needs support to fulfil his cross-government role in particular.
- An all civil service policy advice and support unit serving both principals was a brave try but did not really work. More realistic are separate policy units for each principal with scope for collaboration on specific issues.
- Once policy has been agreed it is possible to use shared machinery (in this case the Implementation Unit) to serve both parties on follow-through.
- It is important that the junior partner is engaged in setting the agenda and commissioning from shared resources – Nick Clegg has used the Implementation Unit to pursue some of his priorities alongside the prime minister's, but has had less influence on the agenda of the National Security Council.
- The cabinet secretary becomes an important broker between the two sides and needs to have time and space to play that role.
- Coalition makes effective communications co-ordination much more difficult, especially in the latter stages, and weakens the effectiveness of the mechanisms established at the centre.

A future coalition may organise itself differently and have a very different approach to this one. For example the leader of the junior partner may decide to take a department rather than stay at the centre. And a future coalition may be more transactional and less bathed in the initial Rose Garden glow.

Further change may also be necessitated by the aftermath of the referendum on Scottish independence. In formal federations (such as Australia, Canada and Germany) far more of the head of government's time and effort is put into managing relations with lower tiers of government. Their central departments have capacity to support this directly.

However, these future challenges can be prepared for, and do not challenge the fundamental principles on which the centre of government is organised. In the concluding sections we look briefly at other potential approaches which would imply a more radical rethink of the way we approach government more generally – with potential significant implications both for the centre itself and its role in driving change.

## Better together? Scotland's more corporate approach to government

It may not be the best moment to suggest that the way in which the Scottish National Party has approached governing Scotland is something from which Whitehall and Westminster might learn. Nonetheless the last seven years have seen the emergence of a more corporate model for organising government. As noted earlier, there was a convergence of thinking among officials about how better to deliver some of the challenging cross-cutting goals and in the SNP about how they wanted to run government. The result was a new approach to government as a single organisation, and therefore the centre's role within it was transformed. Former Permanent Secretary, Sir John Elvidge, set out the elements of the approach.

- An outcomes-based approach to delivering the objectives of government
- A single statement of purpose, elaborated into a supporting structure of a small number of broad objectives and a larger, but still limited, number of measurable national outcomes
- A system for tracking performance against outcomes and reporting it transparently and accessibly
- Single leadership roles controlling each of the political and civil service pillars of government, supported by small senior teams
- understanding of the roles of the members of the senior political and civil service teams which give primacy to contributing to the collective objectives of the team.<sup>380</sup>

The small size and limited scope of the Scottish government obviously makes this much easier to achieve. The emphasis is on achieving a 'shared common purpose' and aligning effort around a clear, prioritised set of national performance outcomes which cut across what in the UK government would be Whitehall boundaries. There is also much more effort devoted to ensuring alignment between the central purpose and the activities of arm's-length bodies and local government.

This has implications for the way in which the centre is organised. A Scottish government official told us, 'We don't have as much departmentalisation and therefore the 'centre' is not such an issue.'<sup>381</sup> The focus of the centre is less on having a central policy capacity, but more on focusing on how the outcomes are achieved. But it does mean that the centre is seen less as support for the first minister to enable him to take on his colleagues than as crucial to a well-functioning cabinet. As the permanent secretary at the time, Sir John Elvidge commented, 'In Scotland we have seen a transition away from thinking that building support around the First Minister works to the First Minister, to understanding the benefits of having a well-supported cabinet of which the First Minister is a beneficiary.'<sup>382</sup>

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<sup>380</sup> Elvidge, J., *Northern Exposure: Lessons from the first 12 years of devolved governments in Scotland*, Institute for Government, September 2011, retrieved 10 June 2014 from <http://www.instituteforgovernment.org.uk/publications/northern-exposure>

<sup>381</sup> Interview, 2014

<sup>382</sup> Interview, 2014

There would undoubtedly be complications in seeking to replicate this model in Westminster. Nonetheless, it does challenge the view that Westminster-style governments must remain rooted in traditional departmentalism.

## An innovative and outward-looking centre?

So far we have concentrated on learning from the past and from other jurisdictions. But even best practice may not equip the centre with what it needs to meet future challenges. Former PMSU head, Geoff Mulgan, has suggested that the future centre of government needs to be thought of differently.

If the old image for the centre of government was of the keep within a castle, full of walls, divisions and rigid hierarchies, nervous courtiers and false rumours, I suggest that what's needed is something more like a nervous system: deliberately designed to improve decisions; open where possible while retaining necessary secrecy; good at sensing how the world is changing; engaged in dialogue as well as monologue; adept at moving resources from lower to higher priorities; and with capacities to learn fast. The traditional centre was concerned with high-level policy design, and the cascading of policies down through a hierarchical system.

The 21<sup>st</sup> century variant explicitly combines top-down and bottom-up – policy design with the systematic orchestration and drawing-in of innovations. This requires a major shift in culture and style of government – more open, committed to fast learning, less pretending to omniscience.<sup>383</sup>

This would see the centre playing what we have called elsewhere a 'system steward' role.<sup>384</sup>

As we have seen, the centre is already championing some innovations that go in that direction: from emphasising policy design in its new Policy Lab, to promoting 'open policy making' and the establishment of the 'what works' centres. What it has yet to do is to systematically apply those to the way government conducts its core business.

The Cabinet Office, with the backing of the prime minister, could act as a powerful driver to change the way government operates, if it routinely:

- Challenged departments on the openness of procedures underlying upcoming proposals and championed its own efforts to get direct input from citizens into shaping the forward agenda. If there is political appetite, also open up some of the internal policy processes to outside input
- Integrated "Policy Lab" design thinking, which focuses in particular on integrating user and frontline views into service design, into routine early implementation testing and assurance of proposals coming forward for political agreement
- Worked with the Treasury to link evidence from the new 'what works' centres and elsewhere into ensuring that policy options for ministers are based on the best evidence. We have argued before that the centre should have a more active role in

<sup>383</sup> Mulgan, G. *Rewiring the Brain: A rough blueprint for reforming centres of government*, January 2014, retrieved 10 June 2014 from [http://www.nesta.org.uk/sites/default/files/reforming\\_centres\\_of\\_govts\\_-\\_geoff\\_mulgan.pdf](http://www.nesta.org.uk/sites/default/files/reforming_centres_of_govts_-_geoff_mulgan.pdf)

<sup>384</sup> Hallsworth, M. *System Stewardship*, Institute for Government, April 2011, retrieved 10 June 2014 from <http://www.instituteforgovernment.org.uk/publications/system-stewardship>

ensuring high-quality evaluation is done by departments and that lessons are learned and transferred from both successes and failures.<sup>385</sup>

This would position the centre as the guardian of, and model for, better policy making in government. It would also build capacity (as it has done on behavioural insights) to help departments solve problems, and would also see itself as improving the overall capacity of the system to deliver the outcomes ministers want. The Canadian government has already done something similar in the establishment of 'centres of excellence'. This is part of the role now of the Major Projects Authority and the Implementation Unit. In this sense the centre would become the 'system steward' for the capacity of government to support ministerial objectives – setting direction, ensuring the appropriate level of devolution, having effective feedback mechanisms to ensure that results were being delivered and the capacity to intervene where those accountable needed additional help. It would also actively seek out and promote best practice, and ensure that the system was prepared to address potential future challenges.

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<sup>385</sup> Hallsworth, M., & Rutter, J., *Making Policy Better*, Institute for Government, April 2011, retrieved 10 June 2014 from <http://www.instituteforgovernment.org.uk/publications/making-policy-better>

## Conclusion

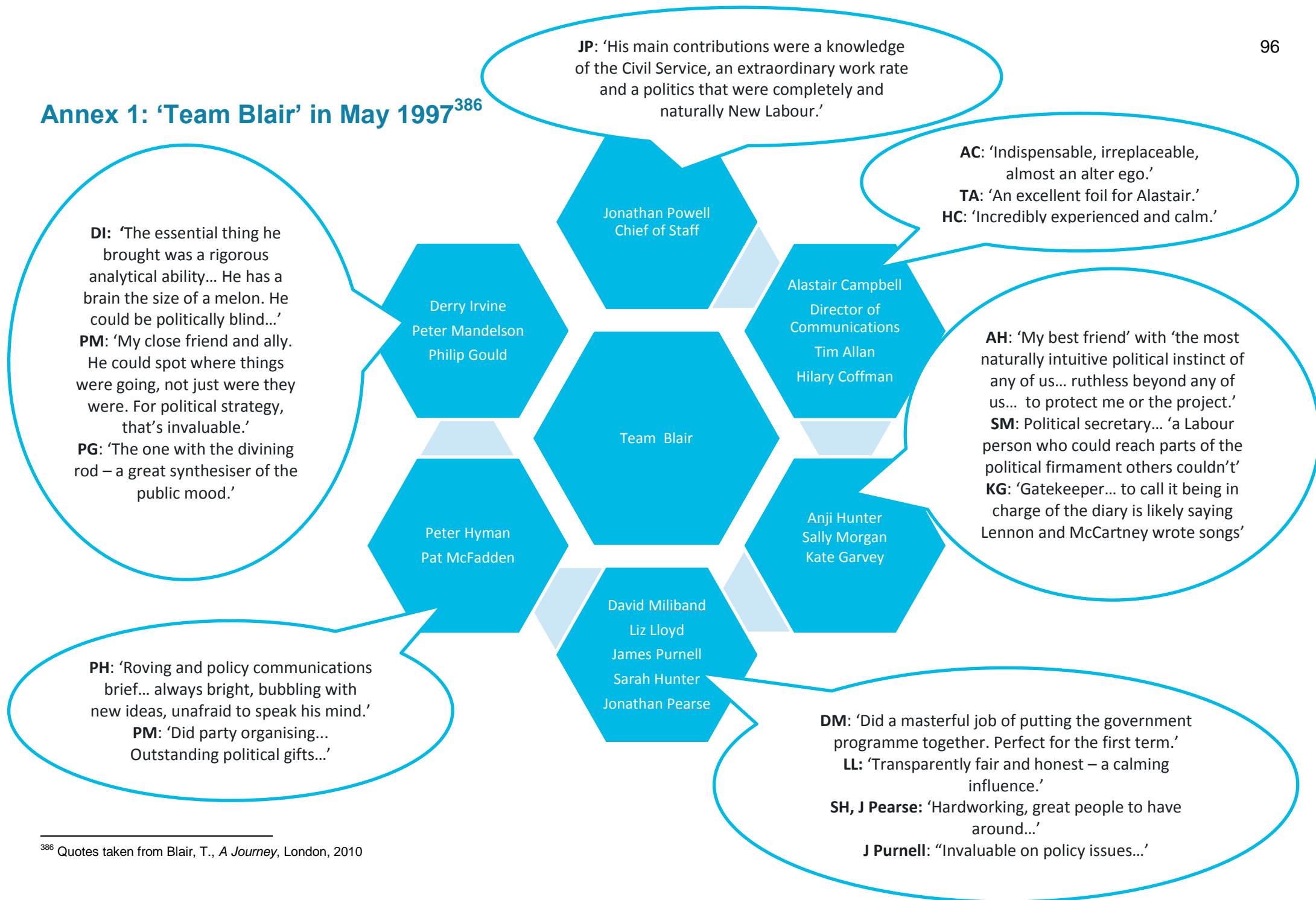
The organisation of the centre can only take a prime minister so far. His key powers remain the power to appoint to secretary of state jobs those who are both willing and able to take forward the government agenda and to set clear direction. But there should still be a 'core offer' to prime ministers of a set of essential capacities which they can shape to suit their style and priorities to make their government more than the sum of its parts.

For that to happen, the permanent Civil Service needs to improve its core offer to prime ministers. First and foremost this is the responsibility of the Cabinet Secretary who should also engage colleagues in the centre and across government.

But the responsibility for creating an effective centre does not lie solely with the Civil Service. Prime ministers also need to do serious thinking with their colleagues and advisers. They tend to plan what they want to do in office. They can help themselves by communicating those priorities clearly from the outset and also how they want to govern. Then they can co-design a centre that not only meets their future needs, but draws on what already exists and past knowledge of what has worked and what has not. This report is designed to help that thinking.



## Annex 1: 'Team Blair' in May 1997<sup>386</sup>



<sup>386</sup> Quotes taken from Blair, T., *A Journey*, London, 2010

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