

# The Spending Challenge: how to cut spending while maintaining quality

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**BRIEFING PAPER**

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# Summary

The months since the EU referendum have been tumultuous times in British politics. This Autumn, Theresa May's Government will have to set out how it meets many long-standing problems. But it is doing this in a surprising new context. As our new polling shows, the public are markedly more willing to believe that politicians will run government professionally and are capable of implementing the best policies for Britain.

Brexit brings many new challenges to governing, but the old problems have not gone away. The Government still faces a huge spending challenge. While the Government has made clear that it is prepared to borrow more than planned should the economy deteriorate, Theresa May has also committed herself to continuing George Osborne's cuts to day-to-day spending. As she has set herself against substantial tax rises, such cuts remain the only long-term way to balance Britain's books.

At the same time, none of the pressures on public services have gone away. The performance of key parts of the NHS, such as A&E, is still declining. The pressures on areas as diverse as social care or the prison service remain both obvious and severe. Meanwhile, polling shows that the public's appetite for further austerity appears to be declining. And Theresa May has inherited manifesto pledges, like the seven-day NHS, that commit her to not just maintaining, but increasing, the scope of public services.

In this context, if it wants to justify the public's increased trust in its ability to deliver, then the Government needs to urgently set out a credible plan for implementing its planned cuts to day-to-day spending, while maintaining service quality. It also needs to invest the time and energy necessary to make this plan happen. This sounds obvious, but in the seven months between the 2015 Spending Review and the EU referendum, David Cameron's Government conspicuously failed to do this. Theresa May will, no doubt, want her Government to be different.

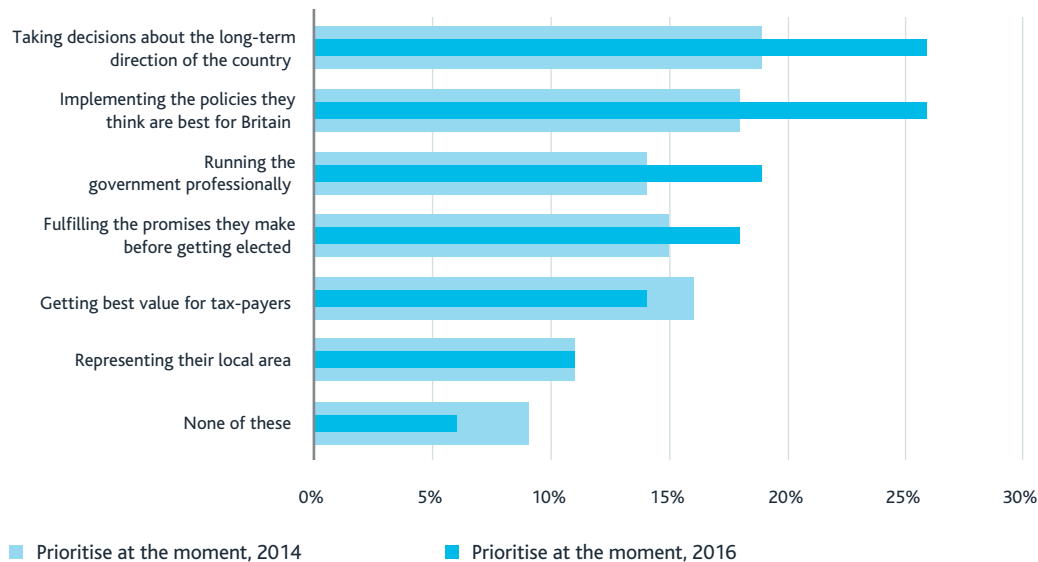
# A hopeful public

In the run up to the last election, polling by Populus on behalf of the Institute for Government showed that the public wants politicians to prioritise running government professionally and implementing the best policies for Britain.<sup>1</sup> It also showed that the public was highly sceptical about whether this would really happen. New polling (completed at the start of September) shows that, surprisingly, given the negative views of politics generated by the EU referendum, the public has become more hopeful; being markedly more likely to believe that politicians will prioritise running government effectively. There is a clear belief that Theresa May's Government could be different.

Figure 1 shows the responses in 2014, and a few weeks ago in 2016, to a series of questions about what the public believes politicians prioritise. There are marked increases in some of the scores: 8% more people believe politicians are prioritising the implementation of policies that are best for Britain; 7% more that they are prioritising taking long-term decisions; and 5% more that they are prioritising running government professionally.

**Figure 1: Public polling on prioritisation, 2014 and 2016**

Question: Which 3 things do you think UK politicians prioritise at the moment?



Source: Polling conducted by Populus for Institute for Government, 2014 and 2016. First poll: Populus interviewed 2,040 adults in Great Britain, online, 8-10 August 2014. Second poll: Populus interviewed 2,035 Britons online, 31 August and 1 September 2016. Weighted to be nationally representative. Populus is a member of the British Polling Council, and abides by its rules. Further information at [www.populus.co.uk](http://www.populus.co.uk).

<sup>1</sup> Institute for Government, 2014, *A Programme for Effective Government: What the Party manifestos must address in 2015*. [www.instituteforgovernment.org.uk/publications/programme-effective-government-1](http://www.instituteforgovernment.org.uk/publications/programme-effective-government-1)

Of course, these improvements are from a low base. Even after these increases, only one in five people thinks running government professionally is prioritised, and, similarly, only one in four believes the implementation of the best policies for Britain is being prioritised. But any improvement will surely be welcome, given the importance of trust in politics. Whether these improvements are a short-term bounce, fading away as people see more of Theresa May's Government, or mark the start of a sustained improvement in how people view politicians, will depend heavily on the actions of the Government over the next few months.

## The spending challenge

Brexit presents the UK Government with a huge range of challenges.<sup>2</sup> It needs to manage a host of negotiations, develop new policies across a range of areas, and deal with the constitutional issues in relation to Scotland's position within the Union.

This would be a stretching agenda even if these were the only issues facing the Government. But they are not. The UK's public finances have still not fully recovered from the 2008 financial crisis. This is not a great surprise – prior to the economic crisis in 2008, few developed countries have got themselves into such deep fiscal problems in peacetime, and most have taken more than a decade to re-establish sound public finances.

Theresa May has therefore inherited a hugely ambitious domestic agenda from David Cameron: making deep cuts to day-to-day spending while fulfilling manifesto commitments to maintain, and, in some cases, improve, the quality of public services. As discussed below, the new Prime Minister has committed herself to both sides of this agenda.

<sup>2</sup> Institute for Government. 'Brexit: What now?', retrieved 7 September 2016, [www.instituteforgovernment.org.uk/brexit](http://www.instituteforgovernment.org.uk/brexit)

## Cutting day-to-day spending

Theresa May confirmed that she is committed to the cuts in day-to-day spending set out in the 2015 Spending Review. As she said in her speech announcing her candidacy, "it is absolutely vital that the Government continues with its intention to reduce public spending".<sup>3</sup>

Those intentions are stark. The 2015 Spending Review produced plans to cut real day-to-day spending by more than £10bn by 2019/20.<sup>4</sup> These cuts were not spread evenly, either across departments or over time. Relative protections for the largest spending areas – health, education and defence – mean sharp cuts for smaller budgets, such as the Ministry of Justice and the Department for Transport; the former will see its real budget decline by 15%, while the latter will see day-to-day spending fall by over 30%. And the Government also has a series of policies that increase the financial costs of providing services, most noticeably the commitment to increase the National Living Wage. This is, for example, estimated to add over £2bn to the pay costs of providing social care.<sup>5</sup>

“It is absolutely vital that the Government continues with its intention to reduce public spending”

Theresa May, 30 June 2016

Over time, the cuts have been back-loaded. So, for the NHS, 2016/17 is a year of relative plenty, with spending per person in England rising by 0.9% (though much of this has gone in covering the deficits built up in 2015/16). In contrast, spending per head will be frozen in 2017/18 and actually fall by 0.6% in both 2018/19 and 2019/20.<sup>6</sup> The warnings that the NHS does not have enough resources are increasing.<sup>7</sup> Beyond health, departments like the Ministry of Justice, Department for Business, Innovation and Skills, HM Revenue and Customs, Department for Work and Pensions, and Department for Environment, Food and Rural Affairs all had nominal increases in their funding this year. But they all face nominal cuts to their budgets by 2019/20, more than reversing the increases going into them this year.

<sup>3</sup> Speech by Theresa May, 30 June 2016.

<sup>4</sup> McCrae, J., 'The Spending Review: What really happened', Institute for Government, December 2015, retrieved 7 September 2016, [www.instituteforgovernment.org.uk/blog/12956/the-spending-review-what-really-happened/](http://www.instituteforgovernment.org.uk/blog/12956/the-spending-review-what-really-happened/)

<sup>5</sup> Gardiner, J., *Care to Pay? Meeting the challenge of paying the National Living Wage in social care*, Resolution Foundation, November 2015, retrieved 7 September 2016, [www.resolution-foundation.org/publications/care-to-pay-meeting-the-challenge-of-paying-the-national-living-wage-in-social-care/](http://www.resolution-foundation.org/publications/care-to-pay-meeting-the-challenge-of-paying-the-national-living-wage-in-social-care/)

<sup>6</sup> Lafond, S., Charlesworth, A. and Roberts, A., *A perfect storm: an impossible climate for NHS providers' finances? An analysis of NHS finances and factors associated with financial performance*, March 2016, retrieved 7 September 2016, [www.health.org.uk/sites/health/files/APerfectStorm.pdf](http://www.health.org.uk/sites/health/files/APerfectStorm.pdf)

<sup>7</sup> Hopson, C 2016, 'The gap between funds and delivery is a chasm in the NHS: something has to give', [www.theguardian.com/commentisfree/2016/sep/10/impossible-for-nhs-to-provide-quality-service-something-has-to-give](http://www.theguardian.com/commentisfree/2016/sep/10/impossible-for-nhs-to-provide-quality-service-something-has-to-give)

So the Government's spending challenge will be more severe in the remainder of this parliament than it has been to date.

Alongside these day-to-day spending cuts, the Prime Minister and the Chancellor have opened up the possibility of borrowing more than is currently planned if tax revenues disappoint, or if it is necessary to increase investment spending to stimulate the economy. Interestingly, if this happens, it will simply be a continuation of policy since 2010, where George Osborne held to day-to-day spending cuts but borrowed to cover the gap created by an economy underperforming forecasts.

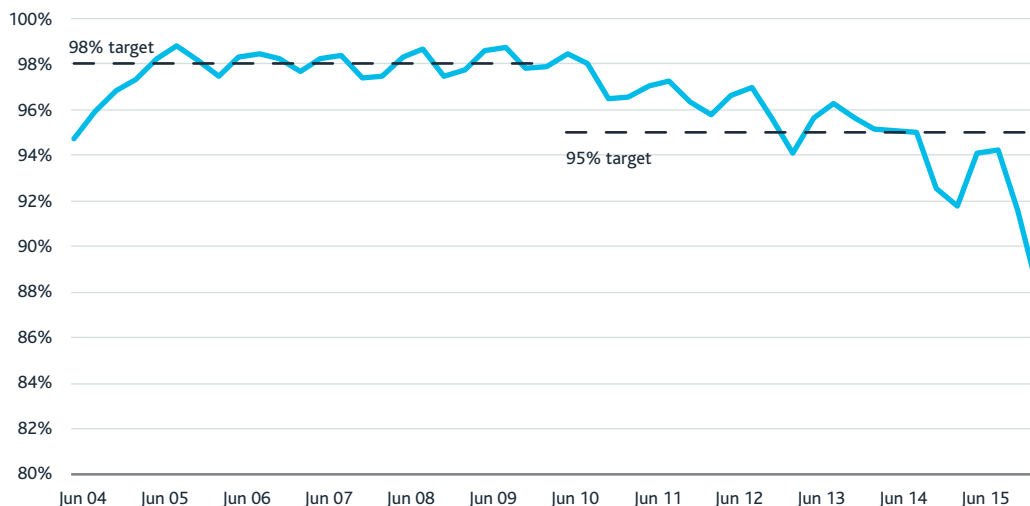
## Maintaining the quality of public services

The Conservative manifesto committed to maintaining the quality of public services. It did not identify areas where the state would no longer provide services, or where the quality of existing services would be cut. Indeed, existing government policy is often the opposite, with pledges like the seven-day NHS committing it to increasing the scope of existing services.

However, while the Government's promises focus on more rather than less, the actual pressures on public services continue to grow. In the NHS, basic service standards are being routinely missed. For example, prior to 2012/13, the Government's target of seeing 95% of A&E patients within four hours was routinely being met. It is now being missed throughout the year (see Figure 2).

**Figure 2: NHS performance against A&E target, 2004–2016**

*Percentage of A&E attendances admitted, transferred, or discharged within four hours*

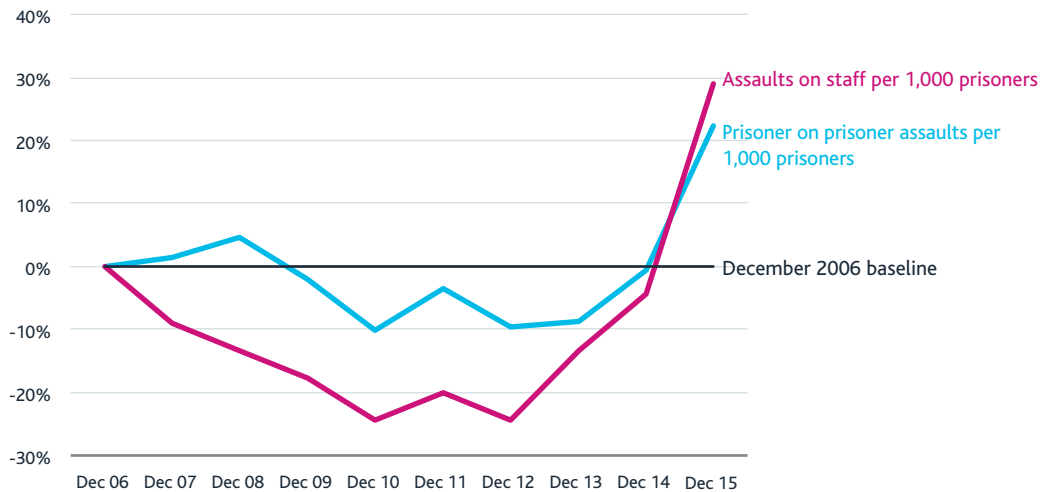


Source: A&E Attendances and Emergency Admissions 2015–16 (Quarterly), NHS England.

There are ongoing concerns about standards in areas such as social care and prisons. For example, Figure 3 shows how serious assaults within prisons have risen rapidly over the last few years.

**Figure 3: Assaults within prisons, 2006 to 2015**

2006 baseline



Source: Safety in custody annual update to December 2015, Ministry of Justice.

Even in education, which has been protected from most of the cuts, there are now issues emerging around teacher recruitment.<sup>8</sup>

## The political context

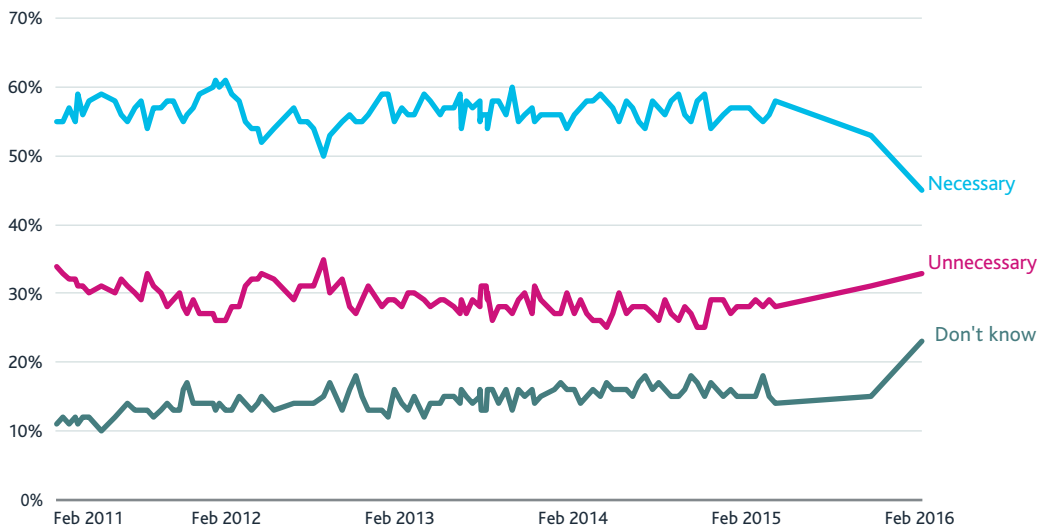
These pressures are in stark contrast to the situation in 2010. Then George Osborne was faced with a public sector that had seen over a decade of increasing funding, and performance targets were being routinely hit, not missed. The task facing Philip Hammond in cutting spending is therefore all the trickier politically than that faced by his predecessor.

Indeed, support for further cuts has dropped significantly since the 2015 election. During most of the last parliament, the public believed the cuts were necessary as opposed to unnecessary by a margin of two to one. By March 2016, this had dipped sharply (see Figure 4). While more people still think cuts are necessary than unnecessary, the gap between them has halved, from around 25% to 12%.

<sup>8</sup> Department for Education, *Training New Teachers*, National Audit Office, 2016, retrieved 7 September 2016, [www.nao.org.uk/report/training-new-teachers/](http://www.nao.org.uk/report/training-new-teachers/)

**Figure 4: Public attitudes to austerity, 2011 to 2016**

Question: 'Thinking about the way the Government is cutting spending to reduce the Government's deficit, do you think this is necessary or unnecessary?'



Source info: YouGov, Government Cuts Tracker, February 2011 to March 2016.

## Facing the spending challenge

Theresa May's Government will need a way to address these challenges. It needs a plan that can cut day-to-day spending while maintaining, or indeed improving, the quality of public services. In doing this, it can learn from David Cameron's failure.

### Learning from Cameron's failure

Faced with these same challenges, David Cameron set out the need for fundamental reform. In a major speech just before the 2015 Spending Review, Cameron accepted that simply trying to repeat the cuts of the previously parliamentary period (when there was much more 'low hanging fruit') would fail. Instead he set out an ambitious agenda, based around reform of public services, devolution of power from central to local government, and greater efficiency through the use of digital technology.<sup>9</sup>

<sup>9</sup> Institute for Government, 'Statement in response to PM 'smarter state' speech', September 2015, retrieved 7 September 2016, [www.instituteforgovernment.org.uk/news/latest/statement-response-pm-smarter-state-speech](http://www.instituteforgovernment.org.uk/news/latest/statement-response-pm-smarter-state-speech)



This was a radical agenda, and, as the Institute set out in Autumn 2015,<sup>10</sup> it would require the Government to get better at doing a range of things if it was to succeed.

However, a year after Cameron's speech, it is clear that many parts of his strategy have run into the ground. His Government simply lacked the ability to focus on its own reforms. The Annex to this paper outlines the sparse progress that had been made in key areas by the time he left office as Prime Minister.

## “A year after Cameron's speech, it is clear that many parts of his strategy have run into the ground”

This lack of focus, which characterised many of Cameron's domestic initiatives, was for a series of reasons. Certainly the EU referendum distracted ministers,<sup>11</sup> including the Prime Minister, from the domestic agenda; but there were problems even before the referendum campaign kicked off:

- Since the 2015 election, the Government has had problems passing key pieces of legislation. It was unable to renew backing for its tax credit cuts after they were delayed in the Lords, as it was clear it no longer had the votes. It had to withdraw its proposals on disability benefits (within 48 hours of being announced) for similar reasons.
- In February 2016, Ministers published Single Departmental Plans for their departments that were supposed to clearly outline their priorities.<sup>12</sup> To deliver the kind of reform Cameron envisaged, departments and the wider public sector needed to be focused on a handful of key initiatives.<sup>13</sup> Instead, ministers published lists of nice-to-haves – in one plan, it was possible to identify up to 100 different priorities.
- Finally, the March 2016 budget<sup>14</sup> was littered with new announcements that again distracted the Government, such as forcing all schools to become academies. It seems some politicians have fallen into a media trap, believing that budgets, autumn statements and party conferences will fail unless they are littered with

10 Thornton, D., Pearson, J., and Andrews, E., *Managing with Less: The 2015 Spending Review*, Institute for Government, November 2015.

11 McCrae, J., 'Distracted ministers', Institute for Government, March 2016, retrieved 7 September 2016, [www.instituteforgovernment.org.uk/blog/13456/distracted-ministers/](http://www.instituteforgovernment.org.uk/blog/13456/distracted-ministers/)

12 McCrae, J., 'Single Departmental Plans: implementing the Government's promises?', Institute for Government, February 2016, retrieved 7 September 2016, [www.instituteforgovernment.org.uk/blog/13288/single-departmental-plans-implementing-the-governments-promises/](http://www.instituteforgovernment.org.uk/blog/13288/single-departmental-plans-implementing-the-governments-promises/)

13 Institute for Government, 'A Keynote Speech by Sir Amyas Morse KCB, Comptroller and Auditor General', July 2016, retrieved 7 September 2016, [www.instituteforgovernment.org.uk/events/keynote-speech-sir-amyas-morse-kcb-comptroller-and-auditor-general](http://www.instituteforgovernment.org.uk/events/keynote-speech-sir-amyas-morse-kcb-comptroller-and-auditor-general)

14 McCrae, J., 'What to watch out for in tomorrow's Budget', Institute for Government, March 2016, retrieved 7 September 2016, [www.instituteforgovernment.org.uk/blog/13391/what-to-watch-out-for-in-tomorrows-budget/](http://www.instituteforgovernment.org.uk/blog/13391/what-to-watch-out-for-in-tomorrows-budget/)

new, eye-catching initiatives. Our polling suggests this hyperactivity does not convince the public or make delivery any easier (see Figure 1).

## “The new Prime Minister can learn a lot from Cameron’s failure”

The new Prime Minister can learn a lot from Cameron’s failure. First, prioritisation is necessary whatever her plan. Second, she will need to focus her political capital on a few crucial domestic issues, especially in a Parliament dominated by Brexit. And third, whatever plan she and the Chancellor develop for public services, they need to ensure they have enough time, focus and support to make it happen.

### Shifting the cuts

The new Government may well look at reprioritising resources, shifting money from one area to another. It has a few high-profile options.

First, the referendum campaign contained many proposals to **use money that currently goes to the EU on UK spending priorities**, particularly the NHS. The Government has been noticeably reluctant to echo these proposals. The current level of EU contributions will continue until the point at which the UK formally leaves the EU, likely to be around 2018. The Government has guaranteed that some of the funding via the EU, particularly on agricultural subsidies, will be retained until 2020.<sup>15</sup> So there may be limited scope for savings in EU contributions to reduce the cuts in domestic spending areas, at least in the short run.

Second, the Government could look to **reduce the protections on pensioner benefits**. Under David Cameron the state pension, which accounts for most of the spending in this area, is subject to a ‘triple lock’ – increasing annually by the highest of rises in prices or earnings, or by 2.5%. The contrast with the on-going cuts to working-age benefits led Iain Duncan Smith to wonder in his resignation letter whether “enough has been done to ensure ‘we are all in this together’”.<sup>16</sup>

Finally, the Government may look to **reduce its commitments on overseas aid**. This ring-fence, committing the UK to contribute 0.7% of gross domestic product to aid, has already been stretched to the limit of its formal definition. For example, by 2020, £1.5bn of overseas aid spending will have gone to UK universities to support

<sup>15</sup> Ilott, O., ‘The domestic politics of negotiating Brexit: EU money?’, Institute for Government, August 2016, retrieved 7 September 2016, [www.instituteforgovernment.org.uk/blog/14417/the-domestic-politics-of-negotiating-brex-it-eu-money/](http://www.instituteforgovernment.org.uk/blog/14417/the-domestic-politics-of-negotiating-brex-it-eu-money/)

<sup>16</sup> BBC, ‘In full: Iain Duncan Smith resignation letter’ March 2016, retrieved 7 September 2016, [www.bbc.co.uk/news/uk-politics-35848891](http://www.bbc.co.uk/news/uk-politics-35848891)

their research programmes. Cameron's overseas aid policy was always unpopular with the public at large, making this spending politically vulnerable. But this is a relatively small spending area, so even major cuts in this area would not do much to ease the overall fiscal constraints.

In other spending areas there are few options for reprioritisation. Even in areas that have enjoyed protection, like the NHS and education, the pressures on services are already clear. Shifting budgets from one area to another will only alter the shape of the spending challenge – there is no way to eliminate it.

## Setting a strategy

The Government seems committed to setting out its own ambitious strategy for cutting day-to-day spending while maintaining, or indeed improving, the quality of public services. A year into the parliament, it simply does not have time to start again from scratch. If it wants to show the public it intends to run government professionally, then it has to do three things:

1. Set out a clear and manageable set of priorities
2. Build on many of the initiatives already in place
3. Engage the public in the contentious changes that will lie ahead.

## Establishing priorities

Prioritisation is essential for achieving anything in government, something that ministers themselves recognise. As Damian Green, now Secretary of State at the Department for Work and Pensions, put it in a 'Ministers Reflect'<sup>17</sup> interview for the Institute:

*"Know what you want to do, transmit that as soon as you can after you arrive – I appreciate that if you are going into a new job you might not be able to do that – and then worry away at it so at the end you can say 'We did that'. And be realistic in what you can achieve."*

<sup>17</sup> Ministers Reflect, [www.instituteforgovernment.org.uk/ministers-reflect](http://www.instituteforgovernment.org.uk/ministers-reflect)

In setting a list of priorities, the new Prime Minister will be able to demonstrate her administration's commitment to transparency. As international experience shows, transparency helps focus governments.<sup>18</sup> The public sector is large and complex, and clearly outlining key government priorities will help orientate the whole machine.

Transparent prioritisation also serves a wider political objective: making it easier to avoid self-defeating rhetoric which feeds public scepticism. With over 500 commitments in the Conservative manifesto, it is simply not credible to claim that they are all equal priorities. And since the Government has now abandoned all the headline pledges on the public finances, it hardly makes sense to claim it is a political imperative to deliver a host of less high-profile commitments. The public cares about the big issues.

“In setting its priorities, the Government should avoid making implausible commitments if it wants to be credible”

Finally, in setting its priorities, the Government should avoid making implausible commitments if it wants to be credible. Osborne's plans for the NHS assumed it could make efficiencies of over 2% a year. This was despite the fact that it had never achieved efficiencies on this scale before – the historic average is 0.8% a year. Making up numbers can be a useful short-term political tactic, but it comes at the long-term cost of credibility for the entire political system.

## Building on what's in place

There are a series of areas where Theresa May's Government would be well advised to build on what is already in place; in areas such as digital transformation, devolution and civil service reform.

The Government already has ambitions to use digital technology to improve the quality, and reduce the cost, of many public services; from access to benefits to the court service. These ambitions are right, but progress has been patchy to date.

The Government has been struggling to articulate a proper 'operating model' to improve performance. It is not enough to say that some digital reforms are working well in a few departments: the Government needs its digital reforms to be going well across the board, throughout every department in Whitehall. Furthermore, it needs these reforms to be sustained over time – something that often eludes government

<sup>18</sup> Freeguard, G., and Gold, Jen., *Data-driven Delivery: Lessons from the O'Malley administration of Maryland*, Institute for Government, January 2015, [www.instituteforgovernment.org.uk/sites/default/files/publications/Maryland%20briefing%20note%20final.pdf](http://www.instituteforgovernment.org.uk/sites/default/files/publications/Maryland%20briefing%20note%20final.pdf)

initiatives. The Government's long-promised digital strategy must contain a concrete operating model for the whole of government that can catalyse progress across the piece.

Similarly, decentralising power across England is essential if the Government intends to join up services, making them more efficient and responsive to their users. It is simply impossible to make many of the local linkages while sitting in an office in Whitehall. The Government therefore needs to continue with, and indeed broaden to other areas, the Northern Powerhouse initiative. It needs to avoid ambiguous statements about the future, which risk destabilising progress to date.<sup>19</sup> Indeed, greater clarity about what the process is, and what is on offer, would help accelerate progress and allay likely public concerns in the run-up to the 2017 mayoral elections.

Finally, the Government needs to continue building up the capability of the civil service itself. For over half a century, Whitehall has conspicuously failed to develop the commercial, financial and project management skills necessary to run a modern state. Over the last five years, this has started to be addressed. There is a focus on developing people's skills, improving the effectiveness of leaders and making Whitehall more open and inclusive.<sup>20</sup> These reforms need political backing to succeed, and the Prime Minister or the Chancellor should send a clear and early statement of intent in this area. Without it, the priorities of the last 50 years will quickly re-assert themselves, with abstract policymaking ability valued above the professional skills necessary to actually get things done.

## Engaging citizens in tough choices

At some point, service improvement alongside continued spending cuts implies radical changes in how services operate and are delivered. For instance, in the NHS this implies a shift to more preventive options, to reduce the number people needing serious treatment in the first place. However, the savings are only made if spending on serious treatment, usually based in hospitals, is actually reduced alongside falling demand. This is likely to involve significant reconfiguration, including highly unpopular closures of hospital services.

<sup>19</sup> Casebourne, J., 'Are reports of the death of English devolution exaggerated?', Institute for Government, July 2016, retrieved 7 September 2016, [www.instituteforgovernment.org.uk/blog/14554/are-reports-of-the-death-of-english-devolution-exaggerated/](http://www.instituteforgovernment.org.uk/blog/14554/are-reports-of-the-death-of-english-devolution-exaggerated/)

<sup>20</sup> McCrae, J., Harris J., and Andrews, E., *All in it Together: Cross-departmental responsibilities for improving Whitehall*, Institute for Government, March 2015, [www.instituteforgovernment.org.uk/publications/all-it-together](http://www.instituteforgovernment.org.uk/publications/all-it-together)

Engaging citizens in these trade-offs is one of the major challenges for this government.<sup>21</sup> Without citizen buy-in, any plans for reconfiguration are likely to be passionately opposed by the public. The choice for government is whether it finds ways to engage citizens and make better decisions that more accurately reflect the complicated preferences of the public, or whether they try to push ahead without doing this. Based on the initial approach to creating its Sustainability and Transformation Plans,<sup>22</sup> the Government is in danger of appearing to opt for the latter approach, which will only make balancing the quality improvement drive with spending cuts even more difficult.

## The only alternative

Without a credible strategy, and the investment to make this happen, the day-to-day spending cuts set out in the 2015 Spending Review will be unachievable. Forcing services like NHS to pretend they can deliver cuts that everyone knows are unachievable is counterproductive. It undermines managers within those services, who are increasingly forced to manage immediate crises rather than concentrate on long-term reform. And it undermines politicians further in the public eye, as being unable to deliver on the promises they make.

Theresa May should seize the opportunity to signal that she is going to lead a different type of government. Making a clean break from the past, and setting a new direction for the future, will not only help achieve the Government's aims – it will also be welcomed by the public.

“Without a credible strategy, and the investment to make this happen, the day-to-day spending cuts set out in the 2015 Spending Review will be unachievable”

<sup>21</sup> Illott, O., and Norris, E., *Smarter Engagement: Harnessing public voice in policy challenges*, Institute for Government and PwC, December 2015, [www.instituteforgovernment.org.uk/publications/smarter-engagement](http://www.instituteforgovernment.org.uk/publications/smarter-engagement)

<sup>22</sup> Wajzer, C., 'NHS England must get smarter about how it engages the public', Institute for Government, September 2016, retrieved 7 September 2016, [www.instituteforgovernment.org.uk/blog/14578/nhs-england-must-get-smarter-about-how-it-engages-the-public/](http://www.instituteforgovernment.org.uk/blog/14578/nhs-england-must-get-smarter-about-how-it-engages-the-public/)

# Annex: assessment of Cameron reform strategy

## Focusing on reforms

- *Secretaries of state should publish their Single Departmental Plans by the end of the financial year, each with a short list of priorities and achievable targets, supported by implementation and workforce plans*

Assessment: **failed**. Ministers published plans with up to 100 identifiable priorities.

- *The existing portfolio of major projects should be reduced*

Assessment: **succeeded**. The portfolio was reduced from 188 to 143 projects. It is expected to increase again as new 2015 Spending Review commitments roll into the portfolio.

- *Any new projects should receive pre-announcement scrutiny from the Major Projects Authority (MPA)*

Assessment: **unclear**. The Infrastructure and Projects Authority (IPA), which replaced the MPA, has been developing ways to do pre-announcement scrutiny, but there is no evidence that this is actually happening.

## Delivering digital services

- *The Government continues to pursue an ambitious digital agenda with central oversight of the change process, including enforcing standards requiring services to be designed around users*

Assessment: **off track**. The operating model for digital was not clarified, progress remained varied, and there was little clarity about where responsibility fell for getting things back on track.

## Devolving power

- *Whitehall to adopt a principled approach to decentralisation, laying out the criteria which will govern devolution deals*

Assessment: **failed**. A lack of clarity about the approach led to the new deals announced in the Budget rapidly collapsing.

- *Treasury to remain involved in the implementation phase of these deals*

Assessment: **was succeeding**. Under George Osborne, the Treasury remained heavily involved in the process.

## Bringing in new providers

- *Government to establish a hub of expertise with responsibility for developing the capability to steward public service markets*

Assessment: **failed**. There is still nobody in government that accepts this is their responsibility, let alone any hub of expertise.

## Avoiding unnecessary reorganisations

- *Alternatives to reorganisation should be considered in the first instance*

Assessment: **was succeeding**. There was much greater stability since the election compared to 2010.

- *Business cases which consider the rationale, the costs and how functions will be transferred or stopped should accompany any reorganisation*

Assessment: **failed**. No business cases have been published for reorganisations that are happening (e.g. the merging of the Major Projects Authority and Infrastructure UK; and the reorganisation of the Department for Business, Innovation and Skills' arm's-length bodies).



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