

The United Kingdom's system of government is broken

Until it is mended public services will continue to be of poor quality and expensive.

Public services poor quality, expensive and some unsustainable.

- **Poor quality.** Governments are not providing even adequate services – the NHS, immigration, housing, policing, infrastructure or even roads without potholes.
- **And expensive because of low productivity.** The ONS shows that, since 1997, labour productivity rose by 27% for the country as a whole while it fell by 8% in the public sector – [here](#).

The public and governments have recognised it's broken

- **A recent YouGov poll** shows that the public thought that public services are in a bad state - 86% for the NHS, 69% for the Police, 67% for Prisons, 67% for Schools.
- **Successive governments have commissioned** 17 major reports since Fulton in 1968 in attempts to increase efficiency – [here](#). None succeeded because they did not diagnose the fundamental cause of the problems.

The basic cause of failing services

- is not money, better training or greater use of technology government, **but the lack of understanding of the role and importance of management.** For example,
 - Governments have centralised responsibility and authority taking it away from civil society and local councils so it now controls the spending of around 50% of GDP compared with 12% in 1912.
 - Government has become a gigantic conglomerate. Yet no large conglomerate since the war has survived intact for five years after the retirement of his driving force – GEC, BET, Slater-Walker, Hanson.
 - The basic principles of good management that apply to any organisation are not used by government.

The basic principles of good management and government practice

A vision

An organisation must have a vision of what it is contributing to society and what it wants to achieve in the long term – Martin Luther King ‘I have a dream’.

This must be shared with everyone so people feel they are working for an organisation that is doing something worthwhile.

Government practice. Only two Prime Ministers – Attlee and Thatcher – since the war have had real vision that people can identify with.

Stability

There must be stability of leadership to provide continuity of vision and ethos, and for staff to develop and retain institutional expertise and knowledge.

Government practice. Ministers, the de facto CEOs of a department, are on average in post for less than two years. Civil servants also frequently change their roles and departments.

Subsidiarity

Senior management should embrace subsidiarity. It should only undertake those tasks which cannot be performed at a more local level. Decisions should always be taken at the lowest possible level closest to where they will have effect.

Government practice. The UK is one of the most centralised democratic countries in the world. According to the OECD, Westminster controls 73% of our tax take compared with Washington’s 38.6%, Paris’s 32.1% and Berlin’s 27.5%.

Rules, levels of approval and bureaucracy

These must be cut to the minimum as they kill innovation, are time consuming, indicate a lack of trust and take responsibility away from staff.

Government practice. The Civil Service Reform Plan describes the civil service as being: ‘Cautious and slow-moving, focused on process not outcomes, bureaucratic, hierarchical and resistant to change’.

Objectives & plans

The board should set the long term vision and major objectives for the coming year. Within the framework of these, each subsidiary unit should set their own objectives. All objectives must be quantifiable.

Once these have been agreed, all units should set out the key parts of their plan for achieving their objectives.

Government practice. Few objectives are quantified which makes it impossible to hold staff accountable. Objectives become wish lists.

Accountability

To hold people at every level accountable:

- They must be involved in setting their own objectives and plans.
- All objectives must be quantified.
- People must have the freedom, responsibility and authority to achieve their objectives in the way they judge will be most effective.
- Plans must show who is directly responsible for each task, when work will start and when it will end.

Government practice. No evidence has been found that these steps are practiced. To repeat: the Civil Service Reform Plan describes the civil service as being "Cautious and slow-moving, focused on process not outcomes, bureaucratic, hierarchical and resistant to change".

Information

There must be a comprehensive, up to date information system so decisions can be made with full knowledge of the evidence available.

Government practice. This does not exist to the degree necessary in most departments.

Incentives

There should be a long term reward scheme that encourages management and staff, to achieve their measurable objectives.

Government practice. Most units do not have measurable objectives.

What should government do?

- Government should do what any organisation is forced to do when its services are failing and bankruptcy looms.
 - It hires new outside management who are not imbued with its culture.
 - It decides what is its core businesses and gets rid of the rest

The next five pages outline how this should be achieved.

An all-party strategic proposal

to improve public services, to increase productivity,
and thereby to reduce costs substantially.

- This report summarises the four major causes of the breakdown of government management and proposes solutions based on the basic principles of good management practice, a study of the governance systems of 10 peer countries – [here](#) – and input from EGF’s all-party Advisory Board – [here](#).
- It proposes that government must do what any charity, football club or business does when it realises that it is failing:
 - It appoints experienced objective professional top management from outside the organisation who are not imbued with its culture.
 - It decides what its core business is and gets rid of the rest.

The four main causes of failure and solutions

- 1 The mismatch of skills and experience to roles.
- 2 The lack of accountability.
- 3 The loss of institutional knowledge.
- 4 Over-centralisation.

The mismatch of skills and experience to the needs of roles

- A Minister has two different roles, being both the Chair and the de facto Chief Executive of a department – most are larger than all but a few private companies. This combination of roles is recognised as unsatisfactory for charities and businesses.
- Ministers also lack the expertise needed by an effective Chief Executive – management experience, in-depth knowledge of the departments and longevity in post.

[Would Tesco hire a CEO who had little management experience, no knowledge of retailing and who changed jobs every two years?](#)

- A Permanent Secretary also has two roles: first, to advise the Ministers on policy, and matters relating to Parliament and the media. And second, as de facto Chief Operating Officer to manage the department.

'The thing that Perm Secs seem to really, really love doing is that whole big policy stuff. But my view is very strongly that very few of them are Chief Executives of their organisations.'
Former permanent secretary, quoted in Reform, Breaking down the Barriers

Solution – Align experience and skills to roles

- Ministers should have only one role: they should be the Chair of their departments, the most powerful position in any organisation. They should set strategic policy, bring objectivity, and hold the chief executive accountable for achieving the department's objectives and the implementation of new policies.
- Permanent Secretaries should also have only one role. To advise the minister on policy and matters relating to Parliament and the media.
- A new role of chief executive should be appointed for each department and for all its internal divisions. Their role would be to achieve the objectives of the department as agreed with the minister and the board.
- The Chief Executive should have wide experience of change management. Initially, they should come from outside the Civil Service so they can bring objectivity and are not imbued with the existing culture.

'The culture of the civil service is "cautious and slow-moving, focused on process not outcomes, bureaucratic, hierarchical and resistant to change".'
The Civil Service Reform Plan 2012

The lack of accountability & loss of institutional knowledge

- The chief executive of a Department cannot be held accountable if they have no control over their staff's stay in post and, pay and conditions, or over bureaucratic rules set by the civil service 'head office'.
- Staff cannot be held accountable if they leave a post before for the outcome of their work shows through.

- Ministers, Permanent Secretaries and civil servants continually change their jobs and departments. Ministers are not in post for sufficient time to provide stable leadership. Ministers for an average stay in a post is less than two years.
- Similarly, the Institute for Government has found that most senior civil servants intended to stay less than three years in their departments.
- Every time a minister or civil servant moves department, that department loses vital institutional knowledge and the department to which they move gets a raw recruit.

Solution – Departments should become independent units

Departments need to become independent units with complete control over staff - pay, terms, methods of working. This will ensure:

- The CEO, permanent secretary and staff can be held accountable.
- Each department would have stability of vision, ethos and leadership.
- Institutional knowledge and experience would be developed and retained by ending the churn of civil servants.

Over-centralisation

- The UK is one of the most centralised democratic countries in the world. According to the OECD, Westminster controls 73% of our tax take compared with Washington's 38.6 per cent, Paris's 32% and Berlin's 28%.
- This overload on Ministers and senior civil servants forces them to focus on today's problems, not the long-term grave challenges which face the UK – [here](#).
'The urgent always takes priority over the important.'
General Eisenhower
- The size of councils has grown so large that they are remote from the people. They are 10 times the size they were in 1974 and over 20 times those of the peer countries studied.
- Political parties have different views on the role of government and policies, but all major parties in their most recent manifestos supported the need for decentralisation – [here](#).

Solution – Decentralisation

- Councils, not central government, should be responsible for the prosperity and wellbeing of their local communities.
- The size of councils should be substantially reduced so that people can identify with them as 'my local council'.
- Responsibilities and authority should be devolved to the lowest practicable level.
- Local councils should have full control of, and be responsible for, most public services, budgets, and the types and rates of taxes. They should raise most of their funds from the local community but with an Equalisation Fund to ensure that all councils can provide adequate services. Central government should never guarantee council borrowings.
- Adequate controls, such as Recall and Council Law, should be introduced to prevent the abuse or overreaching of powers.
- The core business of national government would then be defence, foreign affairs, immigration, climate change, energy, and the economy, all of which urgently need attention.

The benefits

- Minister and Permanent Secretaries, freed from the detail, will be able to focus on strategic policy to tackle the serious challenges that face the UK.
- The chief executive will bring experienced professional management, and stability of ethos and vision to the department.
- The local knowledge, energy and ingenuity of thousands of local councillors will be harnessed to solve local problems, instead of a handful of over-worked ministers and civil servants in Whitehall.
- The quality of public services will improve significantly and costs will reduce through increased productivity and accountability at a local level. The ONS shows that, since 1997, labour productivity rose by 27% for the country as a whole while it fell by 8% in the public sector – [here](#).

- A sense of community will be rebuilt through smaller councils. Services will be designed to meet local needs. Voters will be keen to hold their councils accountable as they will be bearing the majority of the costs through local taxes.

These reforms will be popular with voters

- A Savanta poll – [here](#) – in December 2023 showed:
 - 66% v 14% think the quality of public services has declined in the last 10 year.
 - 51% think the next government should focus on managing public services more efficiently rather than on developing on new policies.
 - 64% v 24% think the £117 billion spent on interest on the national was not affordable.

Implementation these proposals

Detailed proposals as to how these changes should be implemented are covered in two EGF reports:

- [The Effective Management of Government](#), 19 pages – [here](#).
- [The Effective Decentralisation of Government](#), 18 pages – [here](#). Management should be tackled first as the civil service will be in a better position to implement decentralisation

In addition:

- [Objections to the proposals](#), 4 pages – [here](#).
- [Supporting research](#) can be found on the EGF web site: egforum.org.uk

The Effective Governance Forum

The role and complexity of government has changed substantially since the Northcote-Trevelyan Report was published in 1854 but the mechanics of managing government are virtually unchanged.

The objective of the Effective Governance Forum is to demonstrate how UK government should be structured, using modern management practice and radical decentralisation, and to significantly improve public services while substantially reducing costs.

Authors

Patrick Barbour spent 41 years in business building a small company into two listed public companies. He was Executive Chairman of Barbour Index plc and Aptitude Software plc. He was a founder member of Reform, a Trustee of Civitas and is currently a director of the Effective Governance Forum. pbarbour@egforum.co.uk 020 89941540

Tim Knox is a former Director of the Centre for Policy Studies and author. Recent papers for Civitas include International Health Care Outcomes Index 2022 and the effects of taxes and benefits on household income, 2023. He was founder and director of a strategic consultancy business in London and Budapest. tim.knox@egforum.co.uk 0790 656 2202

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