

A new role for Whitehall? Working with the Civil Service in the new politics

Date

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Executive summary:

- This paper summarises a breakfast roundtable discussion, hosted by Westminster Advisers, on the role of Whitehall under the new government.
 - The importance of the Civil Service has already been demonstrated in its role in brokering the new coalition government agreement. A strong permanent government will be needed to maintain the Coalition and also to enable it to deliver its policy objectives.
 - The next few years will see a period of upheaval in all areas of government activity. The combination of weak public finances and a government committed to opening up public service provision through localism, outsourcing and payment by results leaves the Civil Service facing significant challenges.
 - The capacity of companies and organisations to engage with Whitehall will depend on their ability to put forward evidence-based arguments and to navigate the increasingly complex decision-making procedures within the public sector.
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Introduction:

Westminster Advisers, a leading public affairs and communications management consultancy, hosted a breakfast discussion in Westminster on 15th July 2010 to debate the importance of the Civil Service under the new political settlement.

The meeting brought together senior figures from business and the voluntary sector, who discussed how they see changes within government impacting upon their work.

A keynote presentation was given by Lord Butler, former Head of the Home Civil Service and Crossbench Peer, on what he sees as the future direction of the Civil Service and the challenges that await it. His speech, and the subsequent discussion, focussed on a number of areas impacting the role and power of Whitehall.

This paper provides an overview of discussion on each of these areas.

The Civil Service under the new political agenda:

The Civil Service has been crucial in brokering the Coalition Government agreement. Whilst not without precedent in British politics, the Coalition Government does bring into focus the need for consensus and mediation. The experience and guidance of senior civil servants has been key to ensuring the process has been smooth. The last government was seen to preside over a highly politicised civil service, with the role of Special Advisers a particularly controversial issue. The Coalition, partly because it is comprised of two political parties, seems to have re-evaluated the pros and cons of a politicised Civil Service and appear to be reverting to a more traditional use of officials as experts in policy making.

The key issue facing the Coalition, and civil servants charged with delivering government policy, is deficit reduction. Although the Budget of 22nd June contained unprecedented cuts, this was the comparatively easy part. The Spending Review, which will report on 20th October, is asking for proposals to be put forward with the aim of achieving cuts of between 25% and 40% to departmental budgets (except those already ring-fenced).

Such a programme of large-scale departmental cuts is highly ambitious. By contrast, in the period between 1979 and 1983, the Thatcher government attempted to implement cuts of 15%, a process described by Lord Butler as 'hard enough'. The new political reality of a Coalition government and a period of public sector austerity present the Civil Service with a challenging set of circumstances in which to operate.

The Coalition's plans for the Civil Service:

The Coalition, partly through ideological preference and partly through necessity, is embarking on a radical transformation of

the Civil Service and provision of public services.

The Government's aims for a new Civil Service are threefold: greater competition between public and private sector provision; a reduction in the levels of supervision and regulation; and greater use of payment-by-results. The focus is on creating a Civil Service checked by democratic rather than bureaucratic accountability, meaning services responsive to 'users' rather than civil servants in Whitehall.

The Coalition's main innovation has been to introduce Structural Reform Plans (SRPs) for individual departments. These documents set out step-by-step the changes each government department will have to make, and the timeframes for achieving them, in order to align their objectives to the new spending climate. At first glance SRPs seem similar to the Public Service Agreements (PSAs) issued by the Labour Government. However, SRPs focus much more on process, whereas PSAs were concerned with targets and outcomes. This subtle shift is likely to be one of the key differences between the incumbent Government and its predecessor, with an abandonment of the centralising characteristics of New Labour and greater freedom given to officials and departments to achieve specified outcomes as they see fit.

An example of the move away from centralised targets is the way in which budget cuts are being conducted. Rather than centrally imposing cuts from Whitehall, the government has set the main budgetary framework and allowed individual departmental officials to decide how best to manage their resources.

As the Civil Service seeks to achieve greater levels of efficiency in the face of spending cuts, the government is keen to increase the number of private sector representatives sitting on departmental boards. Such a move will help bring

commercial experience into public sector practices.

Tensions & the future direction of the Civil Service:

The discussion highlighted a number of potential tensions within the Civil Service and enabled people to share their view on how the Civil Service should develop in future. Competing Governmental policy objectives may clash. On the one hand, the need for deficit reduction requires a focus on efficiency and a 'more for less' approach to public service provision. On the other hand, the Coalition commitment to localism and decentralisation is likely to lead to greater variance in services and may hinder the drive towards efficiency nationally.

The new Government is likely to encourage greater private and voluntary provision of public services. However, the key question of where the money will come from remains. Encouraging other sources of provision in public services is not simply a way of cutting spending; there will still be a need for public money to contribute. Public spending will still be required to set the framework for private and voluntary organisations to enter public service markets in the first place. What is clear is that policymakers will need to establish how best to encourage private finance, investment and risk. Whilst many welcome the new Government's thinking there is concern that there is simply not the money to introduce such policies at the moment.

One key question will be whether services, if provided by the private and voluntary sectors, will be allowed to fail. MPs and pressure groups would resist local hospital closures, for example. Losing the provision of a public service seems unpalatable, but procedures to ensure responsibilities are placed fully on chief executives could be

developed. Could public servants with overall responsibility for the service face dismissal if a service fails under their watch, and a new team be brought in, as happens in New Zealand?

A more general discussion occurred around the culture within the UK. Are we, as a country, willing to accept a greater level of risk and accept that failure is a part of this? It certainly appears to be the case that if it is to enact reforms the permanent government will need to become less risk averse in its operations.

One concern is that whilst senior civil servants appear more content under the new Government, the same cannot necessarily be said of the middle to lower ranking tiers. With public sector redundancies and pay freezes expected, morale is likely to dip. Furthermore, it is possible that a split may emerge between top civil servants and those lower down the line, which could have an effect on policy delivery.

In terms of financing public services, it was argued that the role of the Treasury needs to be evaluated. Whilst Private Finance Initiatives (PFI) may have had their successes, they were widely seen as means of hiding "off balance sheet" public sector debts rather than encouraging the transfer to the private sector. Whilst assets were transferred, management was not and the result was that up to 80% of the expected efficiency savings did not occur. It was felt that finding new ways to encourage private investment were needed and that the private sector is looking for leadership on this issue. Ideas that were mooted focussed on the need to operate at a more localised level, with local financing powers encouraging entrepreneurship in their regions.

Conclusion:

- The new Government brings with it a different set of challenges for the Civil Service. Having been crucial in the brokering of the Coalition Government agreement, the emphasis is now on consensus and mediation.
- The new Government is likely to seek to oversee a radical shift in the way public services are delivered. With government departments having to plan for spending cuts of between 25% and 40% the extent and scope of the state is likely to change.
- Partly through ideological preference and partly through necessity, the new Government is keen to encourage private and voluntary sector organisations to take over provision of public services.
- As a consequence of the Coalition's commitment to localism, decision-making is likely to become increasingly complex and multi-layered. For those seeking to engage with government understanding the processes of decision-making will remain of paramount importance.

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