

A call to action

There is an urgent need to improve the value and quality of public services before some, like the NHS or pensions, collapse or become unaffordable.

The proposal below diagnoses causes which have not been previously tackled and proposes new solutions.

Our aim is to get an all-party discussion started.

An all-party strategic plan for the Effective Management of UK Government

The role of a Secretary of State is to make policy, yet they spend the majority of their time on management for which they are ill-equipped.

A fundamental change in the roles of Ministers and Permanent Secretaries would transform the quality, choice and cost of public services

18 pages

The UK's system of government is failing

- Irrespective of which political party is in power, the UK's system of government does not allow new policies to be implemented quickly nor to be managed effectively.
- Most departments don't deliver even adequate levels of service – health, housing, immigration, passports, driving licences, potholes to name but a few.
- Public services are also expensive for taxpayers as a result of low productivity in the public sector. Between 1997 and 2019, state sector productivity increased by just 3.7% compared to 24.1% for the service side of the private sector.

Failure is not the fault of ministers or senior civil servants
but with the system of government, which has given both impossible jobs.

Voters know this

A Savanta poll **of 2,275 representative UK adults** between 31 March and 2 April 2023– [here](#) – showed that:

- 63% believe that taxpayers do not get good value for money from the public services.
- Only 21% trust national politicians to keep the promises they make and only 22% trust them to tell the truth.
- 47% are not confident that national politicians are able to meet the challenges that face the UK. Only 21% are confident that they can.

58% agreed that 'The management of public services (e.g. schools, hospitals) does not improve regardless of which party is in power'.

The two main causes of failure

- Nearly every Prime Minister since Harold Wilson has recognized the need for change and has attempted to institute it.

*'It [the civil service] needs reform to make it more effective and entrepreneurial'.
Former Prime Minister Tony Blair speaking in 2003*

- Yet the 13 major attempts at reform since the Fulton Report in the 1960s have either failed or petered out because the fundamental causes of dysfunctionality have not been diagnosed. This is also true for recent reports from government and academia.

Who is to blame?

- The blame lies not with politicians nor with civil servants but with the system of governance.
- The Northcote-Trevelyan Report of 1854 introduced professionalism into the Civil Service. Over the intervening 170 years the role and responsibilities of central government have become significantly different but the system of governance has hardly changed.
- Our Northcote-Trevelyan 2 Reports are as radical as the original 1854 Report. The poor condition and expense of public services today demand urgent reform.

Contents

Summary	4
Diagnosis	8
Strategy for effective governance	13
The benefits	17
The Effective Governance Forum	18
Authors	18

Summary

Diagnosis

Public services are poor quality and expensive with some near to breaking point – [here](#). The reasons for this are:

- The mismatch of experience and skills of ministers and Permanent Secretaries to the requirements of their roles.
- The loss of institutional memory – knowledge and experience – through ministers and senior civil servants frequently changing roles and Departments.

A mismatch of experience and skills to roles

- Ministers have become de facto Chief Executives of huge organisations. Yet few have any management experience or in-depth knowledge of their department's services or systems. With little time in post and a myriad of detail to deal with, it is inevitable that Whitehall's focus prioritises the short term over the long term.

*The urgent always takes priority over the important.
General Eisenhower*

- How can the Secretary of State have the time or mental energy to contribute to setting objectives, plans and budgets for the Department and for its vast number quangos or to advise their CEOs and hold them to account?

*The Department of Media, Culture and Sport, considered a small department,
manages 45 quangos, employs around 40,000 staff
and spends £7.2 billion a year – [here](#)*

- A Permanent Secretary, the most senior civil servant in a Department, is described by the New Oxford English Dictionary as 'the principal assistant of a UK government minister'. Their role is to advise and to implement the policies of the minister. Their role is to react, not to take the initiative.

*Why are so many politicians and public servants ill prepared
for the challenge of running the country?
Munira Mirza, former Director of the Number 10 Policy Unit*

Loss of knowledge and experience

- Secretaries of State, who on average stay in post for less than two years, cannot provide the stability of vision and ethos, that comes from the CEO in almost every successful organisation whether a business, charity, school or football club.
- Rt Hon Sajid Javid held nine ministerial jobs in six different Departments in the past eight years. Rt Hon Alan Johnson held eight ministerial jobs in six different Departments in nine years. Since 2010, a Secretary of State has stayed in post on average for 19 months. See p xx.
- Senior civil servants' career paths are, typically **and increasingly**, not within a Department but moving between them. Every time they move, a Department loses a wealth of knowledge and experience and their new one gets a newcomer.

'Staff turnover in the civil service is now at its highest level in over a decade.'
Institute for Governance

The outcome

- Government departments are among the largest organisations in the UK and are responsible for spending over 50% of GDP. Yet they are run by frequently changing senior teams who have little management experience or in-depth knowledge of their Department's services and systems.
- Thus, Departments are left without stable leadership, a long-term vision and ethos. Vital problem areas, such as the NHS, pensions and tax reform, which require long-term solutions tend to be ignored.

A reset is needed to achieve effective government

- The mismatch of roles and the loss of knowledge and experience have not been addressed in previous attempts at reforming the civil service. They must be the first step towards creating effective governance.

"Our civil service has grown by over 20% in the last decade".
Former Prime Minister Boris Johnson speaking in 2022

Secretaries of State

- The main strengths that a Secretary of State can bring to a department is a clear strategic vision and objectivity, not management experience. Nor should they be expected to have detailed knowledge of the department's services and systems.

- Ministers should therefore become Chairs of their departments. They would focus on strategic policy, relationships with Parliament and the media, and advising and holding to account their CEO. They would have the final say on policy matters.

Chief Executive Officer

- A new role of Chief Executive Officer (CEO), reporting to the Secretary of State, should be created to manage the department. Their role would be to achieve the objectives of the department, as agreed with the minister. They would, therefore, have the final say on **how** policy was implemented, not on what the actual policy should be.
- The CEO should be a professional manager, appointed on the grounds of being the best person for the job. They should have a track record in business or the Third Sector of efficiently running large organisations with wide experience of change management and come from a culture where 'action this day' is the norm.

*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*

Permanent Secretary

- The Permanent Secretary should continue to be responsible for advising ministers on policy, on matters relevant to Parliament and keeping ministers briefed on emerging issues. They would report to the CEO and would serve as an essential bridge between policy objectives and policy implementation.
- The Departmental Board should be responsible for appointing the CEO, with the approval of the minister and oversight by the relevant Select Committee. The same process should be followed for the removal of a CEO.

Board

- The Secretary of State working with the CEO and Board, should set the vision and next year's strategic objectives and approve divisional plans and budgets. These should be made available to the Prime Minister and the relevant select committee.
- The vision and objectives would be reviewed when a new Secretary of State or minister is appointed.

Departments

- CEOs can only be held accountable for achieving their department's objectives if they control the way the department's objectives are achieved and their staff – hiring/ dismissing, pay, terms and conditions.
- Each department should, therefore, become an independent entity, not part of the civil service machine. All quangos should be brought in-house as part of the department.
- The knowledge and experience of staff will only be retained if the current rate of movement between departments is reversed, and staff know they are expected to remain with projects until they are completed. Governments recognise this as a major issue.

Benefits

- The skills and experience of key people would match the requirements of their roles.
- Departments, as separate entities and with their own CEOs, would have stability of leadership, vision and ethos. Areas which require long-term action, like pensions and simplifying the tax system, would be tackled.
- Departments would build loyalty and retain the knowledge and experience of its staff which is currently lost through continual change.
- These changes would result in a dramatic increase in the quality of public services and productivity leading to substantial reductions in costs.

Diagnosis

The main causes of poor outcomes

The current system of government provides poor quality but very expensive public services – [here](#). The main causes of poor outcomes are complexity, monopoly provision and poor management. This paper deals with management but a quick look at the other two emphasizes the need for stable experienced, professional leadership.

Complexity

Successive governments have centralized so many responsibilities and services that were previously the responsibility of civil society or local government that it has become a conglomerate. Central government now spends over 50% of GDP compared with 12% in 1912.¹

No large conglomerate since the war has survived for more than five years after the retirement of its driving force² – GEC, Hanson Trust, Slater Walker, BET. They have either gone bankrupt or been broken up. The reason is that no one can have sufficient knowledge about their wide range of diverse customers, services/products and systems to manage effectively.

The UK government is vastly more diverse and complex than even the largest business conglomerate. DCMS demonstrates the complexity of what is considered a small department – [here](#). It is a conglomerate within a conglomerate, yet the Secretary of State is replaced every 14 months.

How can the Secretary of State of DCMS have the knowledge or the time to contribute to setting objectives, plans and budgets for the Department and its 45 subsidiaries, or to advise and hold the CEO countable?

Monopoly services

Public services are monopolies where the supplier has no competition, no threat of customer loss or bankruptcy. Monopolies, therefore, by definition lack the external disciplines that force management to continually innovate, improve and reduce costs in order to survive.

Recognizing the dangers of private monopolies, politicians set up the Competition & Markets Authority. There is no similar protection from government monopolies. Outside a

¹ Federal Reserve Economic Data, [Public Sector Total Managed Expenditure in the United Kingdom](#)

² SSC Intralinks, [The Demise of the Conglomerate?](#)

general election which can occur every five years, there are no tangible consequence for poor delivery of public services.

The proposals in the EGF sister paper, [Decentralisation](#), will help to introduce benign competition between councils.

Management

The third and most important cause of poor and expensive public services is the system of management. There is a mismatch of experience and skills to roles and a continual loss of valuable knowledge and experience.

Mismatch of experience and skills to roles

Secretaries of State

A Secretary of State, as de facto Chief Executive, oversees and is publicly responsible for a huge workforce [at least as large and often much larger than most of the UK's largest companies](#).

[The administrative staff of-departments ranges from 1,170 to 85,350 but the numbers increase significantly when quangos are included.](#)

[For example, the headcount at the DCMS of 1,170 increases to 40,000 when quangos are included.](#)

Yet, most ministers have little or no management experience and lack an in-depth knowledge of their department's customers, services, systems and senior management. In a successful organisation, business or charity, the CEO will have many years of management experience, either with the company or one in a similar line of business.

['Too often, we appoint ministers that have not been prepared well enough for what they have been asked to do and they don't, frankly, know enough about how to hold the people who work for them accountable.'](#)

[Lord Maude, former Cabinet Office Minister](#)

In addition, government departments must be the only organisations in the UK where the CEO (i.e. the minister) has virtually no control over their staff. They cannot hire, dismiss or reward staff, nor set their pay, terms set or conditions.

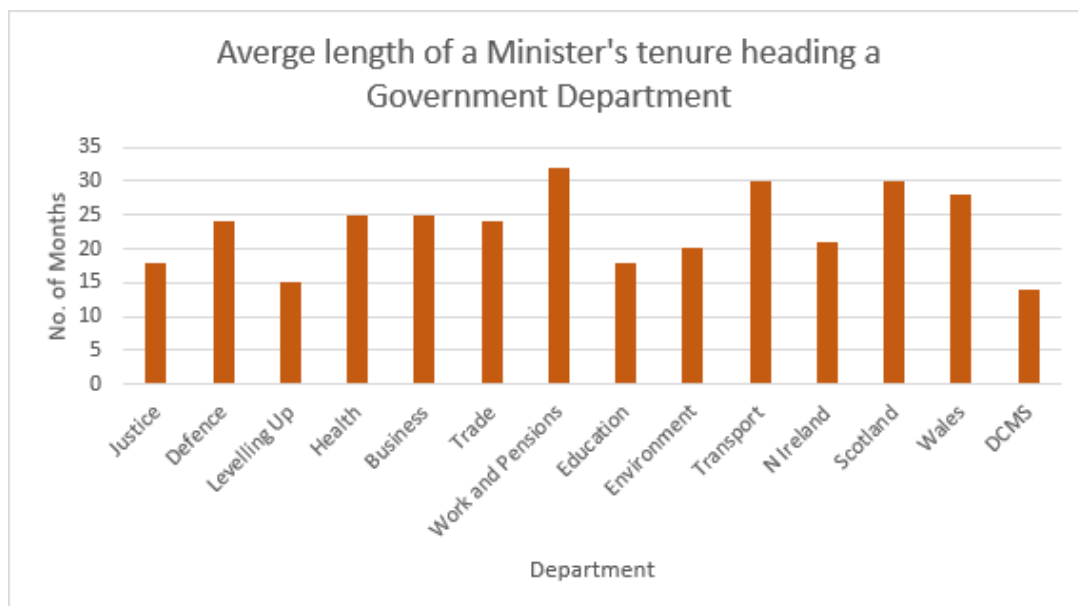
[Would Tesco or Next hire a new CEO who had little management experience and no knowledge of retailing?](#)

The loss of knowledge and experience

Secretaries of State

Secretaries of State are not in post for sufficient time to provide stable leadership. The average length of service of a minister in a department is less than two years.

Rt Hon Sajid Javid held nine ministerial jobs in six different departments in eight years.
Rt Hon Alan Johnson held eight ministerial jobs in six different departments in nine years
The DoE has had a new Secretary of State every 17 months.



Source: Departmental websites from gov.uk. Data are from 2010 to April 2023.

Civil servants

The normal career path for the top tier of civil servants lies not within a single department, building a wealth of specialist knowledge and experience, but moving from one area to another, and from one department to another.

The regular movement of the very small number staff involved in setting policy is useful to bring objectivity and a fresh look. However, it is a disaster for operating units where knowledge and experience are lost when people leave, especially from a project before it is completed.

'It's not that the people are bad, or not hardworking, they're just not equipped... they can write papers and policy documents but it's not clear to me how useful that is unless you actually understand the content of what it is you're doing.'

Dame Kate Bingham, former Head of the UK's Vaccine Taskforce

This rapid change in roles eradicates a sense of ownership that are needed to drive continuous innovation and improvement.

Of 17 Departments, which had data available, the proportion of senior staff leaving their departments each year was:

30% in seven departments

20% to 30% in six and

less than 20% in only four.

Over 50% of civil servants did not intend to stay for at least three years.

*Institute of Government*³

The short-term nature of senior postings, when combined with the frequent reshuffling of ministers, weakens departmental accountability, the time to tackle long-term issues and must contribute to the dismal productivity performance of most departments.

Can one expect effective governance if both civil servants and ministers know that they are unlikely to be in place long enough to be judged on tangible outcomes?

Staff

The ability of an organisation to attract and retain staff, and maintain low sickness rates, are key indicators of good management. Judged on these criteria, the management of public services is poor.

The public sector cannot attract the staff it needs. It was short of 9,000 doctors, 44,000 nurses and an unknown number of teachers in 2018 or 2019.⁴

Nor can it retain them.

- 39% of doctors are considering 'reducing their hours, taking a break or leaving the profession' entirely according to the GMC,⁵
- 28% of nurses leave the health service within 3 years of joining,⁶
- almost a third of newly qualified teachers are not working in the state sector within five years of qualifying.⁷

³ Institute for Government, [Moving On, The costs of high staff turnover in the civil service](#).

⁴ For doctor shortages, Nuffield Trust, [The NHS workforce in numbers](#). For nurse shortages, Health Foundation, [Falling short: the NHS workforce challenge](#).

⁵ General Medical Council, [The state of medical education and practice in the UK 2020](#).

⁶ The Guardian, [Growing numbers of NHS nurses quit within three years, study finds](#).

⁷ House of Commons Library Briefing Paper, [Teacher recruitment and retention in England](#).

- This failure to retain staff is expensive. The estimated cost to public services of training a doctor is over £150,000,⁸ a nurse over £50,000,⁹ and a teacher between £25,000 and £60,000.¹⁰

Staff sickness

Staff working in the public sector take an average of 8 days sick leave a year compared with 4.3 days in private sector services.¹¹

The result

- Ministers lack the management experience, in-depth knowledge of their departments and longevity that are needed by a Chief Executive.
- With so little time in post, ministers, understandably, give greater attention to policies that will have short-term impact and civil servants on executing these short-term policies.
- Ministers are often judged by how they handle the media, or short-term crises, rather than focusing on vital problem areas which require solutions that are likely to take a long time to implement.
- The continual turnover of top civil servants ensures that departments regularly lose a wealth of institutional knowledge and experience, and their new departments get a newcomer.
- Accountability is weak as most objectives are not measurable and ministers and civil servants will often move before projects have been completed.
- Without innovation and continual improvement, increases in productivity are low. Low productivity is a major reason why public services are expensive and, in some cases, unsustainable.
- Departments are, therefore, left without a long-serving leader to provide a stable ethos and vision, and objectives and plans are focus to tackle the short-and long-term problems of the department.

⁸ Full Fact, [The cost of training a doctor](#).

⁹ Civitas, [Supplying the Demand for Nurses: the need to end the rationing of nurse training places](#), page 7.

¹⁰ Schools Week, [Spending think tank demands review into varying costs of teacher training routes](#).

¹¹ CIPD, [Health and Well-Being at Work](#), page 20.

A Strategy for Effective Governance

If the government is to successfully address the extraordinary challenges the country faces – [here](#) – it must take immediate action to change the mechanics of government.

Match skills to roles

Secretaries of State

The qualities which ministers can bring to a department are strategy, objectivity and the ability to present the departments' views to Parliament and the public. What they cannot bring is management experience or a detailed knowledge of their departments.

Secretaries of State should therefore become the Chair of their departments and ministers Chairs of sub-departments or divisions. The role of a Chair is to agree the vision, and next year's objectives, plans and budgets, and to advise and to hold the CEO accountable, and, if necessary, to remove them. It is the most powerful role in an organisation.

One of the key roles of a Chair is to bring objectivity. They can ask the vital questions that management, involved in the detail of operations, often overlook. These are some the questions that a Chair might ask:

- Why is the tax system so complex that it take 21,000 pages of Tolley's Guides to explain when Hong Kong's does it in 276?¹²
- How can a pupil obtain a pass grade in mathematics while getting four out of five answers wrong?
- Why aren't individual prisons responsible for supervising parole?
- What has the introduction of over 3,600 new criminal offences between 1997 and 2008 achieved apart from complicating the work of police?

Ministers would appoint their own policy advisors. Much is made about the impartiality of the civil service but the only area it is needed is in policy making.

All backbenchers who have a desire to become a minister should undertake thorough training in chairpersonship and management by objectives.

¹² Tolley's, [Yellow Tax Handbook 2019-20](#).

Chief Executive Officer

A new role of Chief Executive Officer, reporting to the Chair, should be created to manage the department. Their role would be to achieve the department's objectives effectively, efficiently and at optimum cost.

A CEO should be appointed by the Chair and the board with oversight by the relevant select committee. It is not a political appointment and does not change when a new minister or government changes.

Similarly, if a minister wants to fire a CEO, this should be a board decision with oversight by the select committee.

Initially, CEOs should come from outside the civil service as most senior civil servants are too imbued with the civil service culture, which is described in the Civil Service Reform Plan as:

*'Cautious and slow-moving, focused on process not outcomes, bureaucratic, hierarchical and resistant to change'.
The Civil Service Reform Plan¹³*

The CEO should have a track record in business or the Third Sector of effectively and efficiently running a large organisation with wide experience of change management and come from a culture where 'action this day' is the norm.

The salary levels of CEOs should be set at such a rate as to attract the right calibre of person.

Permanent Secretary

The Permanent Secretary should continue to be responsible for providing policy advice to ministers, on handling matters relevant to Parliament and the media, and keeping ministers briefed on emerging issues.

Similarly, a Permanent Under Secretary would support each junior minister.

The distinction between policy decisions and management decisions

Policy decisions affect the lives of citizens, such as welfare or immigration, or where money is to be spent (on pensions, police, health or defence) and where it will be raised (VAT, stamp duty or income tax).

Management decisions affect the implementation of policies and the achievement of objectives.

¹³ HM Government, [The Civil Service Reform Plan](#).

Thus, the Chair must have the final say on policy and the CEO on its implementation.

The Strategic Plans

Every year, the CEO, working with the Chair and Board, should produce a Strategic Plan for the department. It would contain a long-term vision, next year's objectives, the plans for achieving these and budgets.

The Strategic Plan would steer the department in the direction the Chair and Board wants it to go and provide them with the information needed to hold the CEO accountable.

For the Strategic Plan to be effective:

- objectives must be tangible, verifiable, and measurable;
- each key task in the plan must show the person responsible, and start and end dates;
- the number of pages must be small – around three or four – to ensure that only strategic issues are covered at board level. Division or team objectives and plans would be available on request.

The final Strategic Plan would be submitted, for transparency, to the relevant select committee and the Prime Minister.

It would be reviewed when a new Secretary of State or minister was appointed.

The Cabinet Secretary

With 23 departments reporting to the Prime Minister, the Cabinet Secretary should be responsible for keeping track of plans and objectives. The role would be:

- to ensure that departmental objectives, plans, budgets and reports are presented in a uniform manner;
- to monitor progress against plans and budgets;
- to highlight to the PM successes, failures and areas that need attention.

Retain institutional memory

Departments

CEOs can only be held accountable for achieving their department's objectives if they control the implementation of policies and their staff – hiring, promoting, dismissing and setting pay, terms and conditions.

The wealth of knowledge and experience of staff can only be retained if the continual movement between departments is ended, and staff remain with projects until they are completed.

Each department should, therefore, become an independent entity, not part of the civil service machine, and all quangos brought in-house as part of the relevant department.

Implementation

- Get agreement to the plan from the Prime Minister, Cabinet, Permanent Secretary and Parliament.
- Appoint a Secretary of State and a CEO who will be responsible for achieving a successful transition.
- Decide which two or three departments will be prioritised initially to work out the best way to manage the transition.
- Hire the CEOs.
- Ensure the Board members include at least one entrepreneur and one person with a wealth of experience in change management.
- All backbenchers who have a desire to become a minister should undertake thorough training in the role of the Chair of a department and in 'management by objectives'.

Benefits to ministers and civil servants

- Ministers and Permanent Secretaries freed from the details of management, will be able to focus on strategic policy and providing objective advice to the Chair and CEO, as well as matters with Parliament and the media.
- The Chief Executive will bring professional management experience and stability of ethos and vision to the department.
- A Strategic Plan will simplify management and accountability as everyone knows what they are trying to achieve and when tasks should start and end. Managers have set the plans and will therefore own them.
- Departments, as separate entities, will provide staff with clear responsibilities and plans, and the opportunity to control their own work, to build knowledge and experience, and to see projects through to completion in a stable environment. This will provide greater work satisfaction and will build department loyalty.

Benefits to the public

- Applying the basic principles of management will achieve dramatic results.
- The quality of public services and productivity will improve significantly.
- Productivity improvements should free up at least £80 billion a year to help get the UK's finances in order, to improve public services or to reduce tax – [here](#).

EGF research supporting this proposal

can be found under 'Reports' at 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 have remained 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, to significantly improve public services at substantially reduced cost.

Authors

Patrick Barbour spent 41 years in business building a small company into two listed public companies operating in seven countries. 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.

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. Before joining the CPS, he was founder and director of a strategic consultancy business in London and Budapest.

Patrick Barbour	pfbarbour@hotmail.com	020 8994 1540
Tim Knox	tim.knox@egforum.org.uk	0790 656 2202

© Effective Governance Forum