



House of Commons
Public Administration Select
Committee

**Good Government:
Government and other
Responses to the
Committee's Eighth
Report of Session
2008–09**

**Seventh Special Report of Session
2008–09**

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The Public Administration Select Committee

The Public Administration Select Committee is appointed by the House of Commons to examine the reports of the Parliamentary Commissioner for Administration and the Health Service Commissioner for England, which are laid before this House, and matters in connection therewith, and to consider matters relating to the quality and standards of administration provided by civil service departments, and other matters relating to the civil service.

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Seventh Special Report

The Public Administration Select Committee reported to the House on *Good Government* in its Eighth Report of Session 2008-09, published 18 June 2009 as HC 97. The Government Response was received 16 October 2009 and is published below as Appendix 1. Also appended to this Report is correspondence between the Chairman of the Committee and the Comptroller and Auditor General, the Chair of the Public Accounts Committee, the Chair of the Public Accounts Commission and the Chair of the National Audit Office.

Appendix 1 - Government response

Overview

The Government welcomes the Committee's report on *Good Government*, which is an excellent contribution to an ongoing and vitally important debate. The report is also a fitting way to take stock of the Committee's valuable work over the last decade.

Over the past decade the Government has taken forward major pieces of constitutional reform, building, as the Committee acknowledges, on one of the best systems of government in the world. The reforms introduced have transformed the role of Government, the relationship between state and citizen and the centres of political control. Power has been devolved to the administrations in Scotland, Wales and Northern Ireland; the role of the House of Lords has changed dramatically with the introduction of life peers and the establishment of a Supreme Court; and the passing of Freedom of Information legislation has given the public unprecedented access to the workings of government.

The machinery of government itself has become far more transparent through the work of the Committee on Standards in Public Life. The revision of the Ministerial Code in 2007 has strengthened the accountability of government and its ministers.

The Government has also made a number of important changes to the legislative process aimed at improving the scrutiny and quality of legislation. This includes: publishing the legislative programme in draft, ahead of the Queen's Speech, for consultation; establishing a parallel debating chamber in Westminster Hall, thus increasing opportunities for backbenchers to raise issues; enabling public bill committees to take written evidence; carrying bills over from one session to the next; and requiring all bills and regulations to be accompanied by explanatory notes.

There is still further to go. *Building Britain's Future*¹ sets out plans for democratic renewal to help Parliament and the system of government regain the confidence of the public. The Prime Minister has already established and chairs a Democratic Renewal Council to ensure a sustained focus at ministerial level on democratic and constitutional renewal: the core of this work will be greater openness and transparency about the workings of government and Parliament. The Prime Minister also recently announced the Government's intention to hold a referendum on a move to the Alternative Voting System, which means that MPs

¹ HM Government, *Building Britain's Future*, 2009

can only be elected with the support of more than half their voters, and to remove the hereditary principle in the House of Lords once and for all.

At the same time as introducing institutional reform, the Government has rightly focused on ensuring high quality, effective and personalised public services. It is delivering investment and introducing reforms to ensure that public services are swift in responding to individuals' needs and that they empower local communities to tackle the issues that are important to them. These changes ensure the relationship of trust and care between the front line practitioner—whether a teacher, a nurse or a jobcentre adviser—and the individual that they are supporting will only strengthen in the years ahead.

As the Government has introduced reforms to make services more efficient and responsive, the skills of the civil servants overseeing and delivering those services have changed. Civil servants need to understand how the front line operates. In order to improve support in schools for children with special educational needs, for example, policy makers need to have direct experience of the challenges that they face. Procurement and operational specialists, programme and project managers and adaptable delivery professionals now play a much greater part. The role for the traditional generalist civil servant is changing and there is a clear understanding that operational experience and a direct connection with front line professionals are essential for effective policy design and delivery. Seven out of ten civil servants now work in an operational delivery post. At the same time the Government has recognised that, for the Civil Service to be genuinely responsive to individuals, it should be accountable and accessible, and that civil servants themselves should be drawn from a diversity of communities, better reflecting the citizens using the public services. We have already made significant progress towards this aspiration: the proportion of women in the Civil Service has risen from 46 per cent in 1991 to 53 per cent in 2009; the percentage of ethnic minority civil servants has increased by almost 50 per cent since 1997; and the proportion of civil servants with a disability has more than doubled over that same time period.

Just as front line public services are scrutinised to ensure that they deliver high performance to the public, so the introduction of departmental Capability Reviews has meant that central government departments are assessed to ensure they have the right skills and processes in place to deliver effective reform to benefit those using public services. The reviews, announced to the Committee in October 2005, have been a real step forward in assessing how well-equipped departments are to meet their current delivery challenges and prepare for those of the future. The Committee acknowledged that progress has been made in assessing government performance and capacity, but the programme needs to evolve in line with the challenges facing the Civil Service. For example, today the individual should be able to expect that the public services they rely on will work closely together to provide them with the integrated support they need. The next round of Capability Reviews will look more closely at departments' abilities to work with delivery partners from the earliest stages of policy development. Departments will also be assessed on their ability to identify and fill gaps in the capabilities of their staff, including operational delivery skills. Reviews will include data on departments' performance against key delivery targets.

The Committee will be aware that the *Constitutional Reform and Governance Bill* was introduced and published in the House of Commons on 20 July 2009. It includes provisions to put into statute the recruitment into and the management of the Civil Service

(which is currently governed under the Royal Prerogative through Orders in Council which only Government can amend). It will also enshrine the core values of the Civil Service, provide for the appointment of special advisers, and place the Civil Service Commissioners on a statutory footing. The Government is grateful to the Committee for its contribution to the Civil Service legislation proposals.

The Government's determination to improve services has also led to changes in the way objectives are set and managed. Since their introduction in 1998, Public Service Agreements (PSAs) have prioritised the Government's desired outcomes over a spending review period and ensured that all partners involved with a PSA are clear about their role in its delivery. PSAs drive public service delivery and have resulted in major improvements in outcomes, and this response gives more detail about how the PSA process continues to support good government.

The Committee observes in its report that too many 'initiatives' can have a damaging effect on the day to day administration of government. Whilst the Government agrees that stability can ease the process of administration, it should be recognised that new initiatives do not usually imply a change in strategic direction, but are cohesive steps on the way to vastly improving services. The Government's most radical and successful policy programmes began as a single or a series of such initiatives. The *Sure Start* programme for example, initially covering only ten per cent of families, now guarantees that by 2010 every family will have easy access to one of the 3,500 children's centres that provide an integrated early years service to local communities. *Sure Start* has revolutionised the role of schools, making them integral to early family life, and is a clear example of a policy developing through initiative to become a national institution. The Government stands by its record in meeting its major long term objectives and delivering on these important policies. Yet the Government also emphasises the importance of continuing to react to the rapidly developing challenges of modern society, where initiative enables policy makers to empathise, not hypothesise, and react quickly, pragmatically and with humanity to the people to whom public services ultimately deliver.

The Committee's recommendations are summarised below, followed by the Government's response. The recommendations are set out in full at Annex A.

Introduction

Recommendation 1 sets out the Committee's five requirements for good government:

- Good people
- Good process
- Good accountability
- Good performance
- Good standards

The Government welcomes the Committee's observation that Britain is among the group of the highest performers in the world when it comes to good government. It also agrees

that there are further steps we can take, as described in *Building Britain's Future* and set out in more detail here.

The Government agrees that the five requirements are indeed necessary for good government, and thanks the Committee for organising its conclusions in this helpful way. (Recommendation 1)

Good people

Recommendations 2 to 7 cover the need for good people. This includes:

- an effective system of making ministerial appointments
- a civil service with a strong delivery focus and a culture that supports innovation
- a smart and focused government that gives power to front line professionals

The Government strongly agrees with the importance the Committee has placed on good people. Effective government and appropriate, targeted interventions depend upon well-trained, well-developed individuals focusing on the creation and delivery of effective policy at every stage in the process, from ministers right through to front line professionals.

It is essential that all those involved in the design and implementation of policy have the necessary skills to understand the challenges of and the impact on front line delivery. The Government also recognises that we need to create the space for front line professionals to develop effective relationships with the people they serve, be that the personal adviser in a Jobcentre Plus or the social worker working with an individual to design a personal care plan.

The Government agrees that stable government is important to delivering the changes needed to build a better future for the country, and it is valuable for ministers to be given the opportunity to cultivate knowledge and relationships. It is however also essential that the Prime Minister of the day should be able to structure the Government as he or she sees fit to respond to new challenges and ensure that it is focussed on the key issues. He or she needs to be able to appoint ministers to the role they consider most appropriate at that time, which may require rapid implementation. (Recommendations 2 and 3)

The Government also agrees that training for ministers can help develop their skills. An induction workshop for ministers new to government is held after general elections and major reshuffles; departments run structured, individual induction programmes for ministers new in post; and the National School of Government works with senior ministerial sponsors and the Head of the Civil Service to provide the Ministerial Programme, which is tailored to the needs of individual ministers. (Recommendation 3)

The Government welcomes and endorses the Committee's recognition that the British Civil Service is full of talented, high-calibre individuals and agrees that operational skills and experience are essential. It strongly rejects, however, any implication that the Government pays lip service to the need for a strong delivery focus. The Government is clear that understanding how policy is delivered on the ground is fundamental to shaping the experiences of people and communities. Civil servants that understand operational

delivery make better policy, and this is reflected in the Government's collaborative approaches to working. The Department for Children, Schools and Families, for example, worked with professionals from across the whole children's and young people's workforce to help plan the right vision for all the groups that work with children and young people. In designing 'Pathways to Work', the Government's programme to support people with a health condition or disability back into work, policy makers worked closely with front line staff to understand what could be delivered and develop innovative policy that could be implemented at the front line. It is also useful to note that around two out of every five directors general currently in post were originally recruited into the senior civil service from outside the Civil Service, demonstrating the diverse range of talents within government. (Recommendation 4)

The need for a strong delivery focus is evident in the way the Government's Operational Delivery Profession, led by Leslie Strathie (Chief Executive of HM Revenue and Customs) and the Policy Profession, led by Robert Devereux (Permanent Secretary at the Department for Transport) are working together and across the Civil Service to ensure all staff develop the capability and skills needed to do the job effectively. The Prime Minister's Delivery Unit, set up in 2001, helps the Government to deliver improved and more efficient public services by focusing on its priorities and identifying the action needed to strengthen delivery.

In 2008 the Cabinet Office commissioned the Sunningdale Institute to conduct a study as to how government can better use the insight and experience of front line staff to develop policy that can be delivered on the ground,² and the Government's response to this³ sets out the steps it is taking to ensure that consideration of delivery issues is a fundamental part of policy making. The Government also recognises the importance of customer insight to effective policy delivery and the Customer Insight Team in the Department for Work and Pensions and the Customer Understanding Team of social and market researchers, psychologists, customer analysts and economists in HM Revenue and Customs both deliver practical support and essential insight into customer needs to policy makers. Their work – and that of counterparts in other departments – has helped to improve the way individuals experience services. In jobcentres, for example, insight has been applied at the front line to develop better access for lone parents. Consequently local primary schools have been used as venues for job and training advice, making it easier to reach people in an environment where they are comfortable. (Recommendation 4)

The Government agrees that civil servants need to work in an environment where they are empowered to innovate, and it is the responsibility of civil service leaders to create these conditions. The Government's approach to public services reform recognises that innovation should happen at every level. In May 2009 it announced a new Innovators Council, made up of some of the most creative and entrepreneurial thinkers from public services, charities and businesses, which aims to remove barriers to the mainstreaming of public services innovation and create a sustainable framework for innovation in government. The annual 'Civil Service Live' conference brings together thousands of civil servants from across the country to share their knowledge and ideas. The Capability

² Sunningdale Institute, *Engagement and Aspiration: Reconnecting policy making with front line professionals*, 2009

³ Cabinet Office, *Listening to the front line: capturing insight and learning lessons in policy making*, 2009

Review process will back this up by looking at the extent to which leaders foster an environment in which innovation can flourish. (Recommendation 5)

The Government agrees that discussions about reducing civil service numbers should happen alongside discussions about smart and focused government. A smart government is one that provides strategic leadership, puts an empowered public service at the forefront of change, and devolves power as far as possible because it recognises that front line professionals have a unique relationship with people and communities.⁴ Government should set the standards that are expected, be clear about people's entitlements, then move out of the way for local front line staff to deliver the services that a community needs. Fewer, simpler targets help to put this into practice, and an example of this is the single 'confidence' target in policing which is supporting local police forces to deliver as best they can for their local communities. (Recommendations 6 and 7)

The Government's programme of public services reform demonstrates its commitment to empowering front line workers with the freedom and responsibility to respond to citizens' needs directly. The Next Stage Review, led by 2,000 clinicians across the NHS, put front line staff at the forefront of reform. The principle of earned autonomy for high performing organisations means that there are now 122 NHS Foundation Trusts accounting to local communities rather than central government when deciding their own strategy and the best way to run their services. In policing, police officers and other front line professionals will have more freedom to respond to the needs of local people. The Government recognises that the relationship between the pupil and the teacher, the healthcare professional and their patient, or the police officer and their community, can best be allowed to flourish by the centre stepping back and allowing public services to lead reform. The Government has already shown it is serious about this devolution of power away from the centre through the 2007 Comprehensive Spending Review, which reformed the performance framework through a streamlined set of cross-cutting PSAs with fewer national targets that give local areas flexibility in the way services are delivered. (Recommendations 6 and 7)

The Government welcomes the Committee's support for its drive to empower local people, and believes that devolving power to individuals, families and communities is a key feature of the smart government discussed above. The transfer of local assets such as disused buildings from local authority to community ownership, for example, will help ensure public assets are used to local people's best benefit, and the strengthening of petitioning powers will give citizens more influence over local decision-making.⁵ To back this up the new Comprehensive Area Assessments examine local authorities' performance by reflecting what local people themselves say about their experiences. (Recommendations 6 and 7)

The transfer of power to front line staff and to communities must sit alongside a continual drive for efficient government, which the Government has made clear is a priority.⁶ Smarter government requires a fit for purpose workforce. In response to this the Government is developing and piloting an approach to strategic workforce planning for

⁴ Cabinet Office, *Excellence and Fairness: Achieving world class public services*, 2008

⁵ HM Government, *Working together: Public services on your side*, 2009

⁶ HM Treasury, *Operational Efficiency Programme: Final report*, 2009

the senior civil service. The Government agrees that appropriate audit and inspection processes are needed to support public organisations and ensure that unacceptable performance is identified early. As responsibility for the design and delivery of services is devolved further, HM Treasury is examining how to obtain the right level of assurance as part of its current reviews of corporate governance and internal audit. (Recommendations 6 and 7)

Good process

Recommendations 8 to 11 cover the need for good processes. They include:

- getting basic administration right
- ensuring government is not focused on short term initiatives
- supporting collective government
- ensuring robust policy and legislation making processes

The Government agrees that good administration is a vital requirement of good government. Policy developed to address a short term concern, with little input from front line experts, lacking an effective approach to pre- and post-legislative scrutiny and without the opportunity to trial implementation, is far less likely to succeed.

The Government is already taking steps to ensure that policy is designed in partnership with the frontline staff who deliver it.⁷ The Home Office strategy for 2008-11 makes clear that engaging front line staff and local partners is critical to delivery of its strategy of ‘working together to protect the public’. That strategy highlights key examples of this move to build and support effective local initiatives, like the Crime and Disorder Reduction Partnerships, and to empower frontline staff such as through the introduction of Public Place Orders, which allow local authorities to tackle alcohol-related crimes in town centres by setting up alcohol free zones and providing police and local authorities powers to tackle the issue in the worst-affected town and city centres. To ensure that lessons learnt through the front line are translated into policy making, the Home Office also delivers a series of front line seminars for Home Office staff, delivered by practitioners, with the aim of giving a thorough insight into the complex challenges faced at local level. A programme of visits for Home Office staff to front line locations in the UK Border Agency and Identity and Passport Service has also been rolled out.

The Government also agrees that in looking at its operational performance it should heed the guidance provided by centres of expertise and in gathering evidence for Capability Reviews the Cabinet Office observes advice from organisations including HM Treasury, the National Audit Office (NAO), the Parliamentary and Health Service Ombudsman and the Office of Government Commerce (OGC). The OGC facilitates a Skills and Capability Initiative to improve the Government's ability to successfully deliver its projects and programmes to time, quality and cost, and works with government departments to best use its suite of project assurance products. (Recommendation 8)

⁷ Cabinet Office, *Listening to the front line: capturing insight and learning lessons in policy making*, 2009

To support good administration the Government is committed to reducing regulatory burdens and simplifying legislation wherever possible. For example, the Employment Act 2008 simplified a large body of employment law, particularly around the National Minimum Wage, making it easier for both employers and employees to use. Also in 2008 the Government published in draft the Immigration Simplification Bill to make the law simpler for all those dealing with the immigration system. The Law Commission also has a rolling programme to consolidate existing Acts of Parliament and a new parliamentary procedure has recently been introduced to speed up their enactment. (Recommendation 8)

The Government strongly rejects any implication that it is primarily concerned with short term initiatives and the media, or that policy and legislative proposals are used for political points-scoring, and is proud of its record in meeting its major objectives and in reforming public services. The Government's ambitious health reforms mean that extended opening hours at GP surgeries are already offered in three quarters of all practices. Individual budgets in social care mean that people who receive support will have control over how much and what kind of support they receive. In an extension to the support given to hard working parents, a quarter of a million free childcare places will soon be available for two-year olds, for the first time. Policy and legislation introduced over the last decade has made a real difference to communities and citizens. (Recommendation 9)

The Government agrees that policy and decision making processes need to reflect the collective voice of government, and is committed to Cabinet government and the Cabinet Committee system. Cabinet Committees relieve the pressure on Cabinet by settling business in a smaller forum, and ensure that issues of interest to more than one department are properly discussed by all the relevant ministers. The Cabinet Committee system can adapt to changing priorities and continues to be effective as the country faces new challenges. The establishment of the National Economic Council (NEC) in October 2008, specifically in response to the downturn, has allowed the Government to rapidly develop and implement policies to support families and businesses facing the effects of the recession. Focusing on three core themes – business, employment, and housing – the NEC's purpose is to frame, coordinate and implement cross government policy quickly and works alongside the Regional Economic Council, which was established to ensure that the issues and concerns of each region are heard and acted upon. Following the success of the NEC model, the Prime Minister established the Democratic Renewal and Domestic Policy councils in June 2009 to coordinate government action on constitutional reform and public service delivery, demonstrating commitment to a collective and coordinated system of government. (Recommendation 10)

It is important to ensure that policy proposals are developed as fully as possible before they are presented to Parliament, and the Cabinet Office encourages departments to take into account other countries' experiences, consultation responses and the results of any pilots as well as fully considering non-legislative options. The Cabinet clearance process also supports good policy making by, for example, requiring an impact assessment to demonstrate that each proposal's costs are outweighed by its benefits. The work on *Listening to the Front Line* will help by supporting those who design and develop policy to have a genuine understanding of how it can be implemented. To further support the drive for improving quality and legislation, the Government has committed to publishing as many bills as possible in draft for pre-legislative scrutiny before they are introduced to

Parliament. Eight bills were published in draft in the 2007-08 parliamentary session including what is now the *Constitutional Reform and Governance Bill*, a major piece of constitutional reform, which was published in March 2008 and introduced to Parliament in July 2009 after a thorough consultation. It is equally important to learn from previous experience: the Government now requires post-legislative scrutiny of all Acts passed since 2005 to assess whether the Act achieved its original objectives. (Recommendation 11)

Good accountability

Recommendations 12 to 14 cover good accountability. They include:

- clarity about ministerial and permanent secretary responsibilities
- robust performance management measures in the Civil Service accompanied by a clear system of accountability where individuals appreciate and take responsibility for the part they play in delivering the Government's ultimate objectives
- accountability mechanisms that work across organisational boundaries.

The Government agrees that a fair, appropriate system of accountability is a vital element of effective policy making and delivery. Whilst a blame culture is obviously to be avoided, it is vital that every person in the chain of delivery is aware of the part they play, the targets and processes for which they are responsible and how those responsibilities fit within the programme of delivery of good government. Ministers must lead by example.

The Government agrees that ministers and their respective departments need to be clear about their responsibilities, and should be ready to be accountable to both Parliament and the public for their performance. The *Ministerial Code*, which incorporates a resolution of both Houses, makes clear the lines of accountability of ministers and the standards of behaviour expected of them. The *Civil Service Code* also makes lines of accountability clear. Government agrees that a good government code helps ensure the right political and administrative leadership, and in 2005 published a code of corporate governance in central government departments. It is important that this is kept up to date and it is currently under review by HM Treasury. (Recommendation 12)

Everyone working in government should understand how their role contributes to the Government's objectives. It is important that under-performing staff be given the support they need to improve, but, if necessary, they should be removed from their post and leave the Civil Service: indeed there is evidence that rates of dismissal are higher in the Civil Service than in other parts of the public sector. The Government accepts, however, that in some areas there is room for improvement in performance management, which is one of the Civil Service's top priorities. The Civil Service Performance Management Principles and aide memoire, circulated in May 2009 with accompanying training, help departments assess their current performance management practices and identify areas for improvement. (Recommendation 13)

Delivering on today's policy challenges requires working across departmental boundaries. The Public Service Agreement (PSA) on improving child health, for example, requires departments and other agencies to come together and work effectively towards a common goal, supported by close working between local authorities, primary care trusts and other

children's trust partners working on child health priorities. The Government agrees that accountability mechanisms need to reflect this cross-government nature of PSAs. The 2007 Comprehensive Spending Review established PSA Boards, with senior representatives from each contributing department, and a new structure of Cabinet Committees so that each PSA reports directly to a relevant Committee. Delivery Agreements were also published for each PSA to clarify roles and responsibilities for delivery. Budgets are already being pooled or aligned across public sector bodies to help focus resources on the priorities that matter most in local areas, remove duplication and make the most of available funding. The Government is complementing this with greater accountability at a local level. In teaching, the new school report card will give parents a simpler and more comprehensive way of understanding schools' performance and achievements. (Recommendation 14)

The Government agrees that mechanisms for redress should be clear and accessible, particularly where services are delivered across boundaries. Working with local authorities, it has reviewed the provision of redress for citizens when their council services fail to meet the agreed standards and is now testing the themes of the review with local authorities to aim for excellent customer service.⁸ The Government believes that citizens benefit when they have a single point of contact. 'Tell Us Once', for example, is a pilot scheme examining the feasibility of customers informing the Government once about a change of circumstances, rather than having to contact individual organisations. The Government also recognises that mechanisms for redress can only operate effectively if citizens have a clear understanding of the quality of service to which they are entitled. The NHS Constitution has turned access to all NICE-recommended health treatments into a right and begun to set out what patients should expect if rights and pledges are not delivered locally. But the Government is now going further by turning basic standards of access and quality into entitlements for patients. The Prime Minister recently announced that cancer patients will have the right to have diagnostic tests carried out, completed, and with results within a week of seeing their GP. (Recommendation 14)

Good performance

Recommendations 15 to 18 cover the need for good performance, including:

- linking assessments of capability with assessments of performance
- using the full range of evidence to assess department's capability including ability to learn from success and failure
- evolving the National Audit Office into a 'National Accountability Office'

The Government agrees that effective assessment of performance against specific delivery targets and the priorities of innovation, effective working and value for money, is a vital pre-requisite of good governing. Government is always striving for more effective, more productive, better targeted means of delivery and it is only by continuous assessment and improvement that policies and processes will best meet the changing demands of the British public.

⁸ Communities and Local Government, *Getting it right and righting the wrongs*, 2009

The Government agrees that performance should be assessed against the full range of evidence. The next round of Capability Reviews will include performance against delivery targets and will place greater emphasis on departments' ability to innovate, collaborate and achieve value for money. PSAs and departmental strategic objectives already incorporate a variety of measures including international comparisons in science and innovation (PSA 14) and productivity (PSA 1), public satisfaction in health care (PSA 19) and public confidence in the police (PSA 23). Value for money is also reported in each department's six-monthly public report to Parliament. As announced in *Working Together: Public Services on Your Side*, we will develop and publish a new performance management scorecard to show how departments are performing. The Cabinet Office has also established a new cross-government group, the Service Transformation Delivery and Benefits Board, which will bring together experts from across government to feed into Cabinet Office reporting systems and make the overall performance of departments more transparent. (Recommendations 15 and 16)

The Government agrees that it is important to learn from success and failure. Future Capability Reviews will look more closely at departments' abilities to learn from their own and their service delivery organisations' experience. The Innovators Council will support the development of pockets of good practice into common practice in all areas of public services and will help Government to learn from the best in other parts of the public sector. (Recommendation 17)

The Government agrees that accountability for use of public money is important. The National Audit Office (NAO) has an impressive track record in holding the Government to account, coupled with examinations by the Public Accounts Committee, and will be even better placed to perform effectively when its governance is refreshed to implement the recommendations of the Public Accounts Commission.⁹ The NAO's expanding work programme already seeks a better understanding of performance in the round and has, for example, started to evaluate financial management in departments. The Government welcomes the coming improvements in the NAO's constitution, which will underline the Office's integrity and independence and strengthen the Government's accountability. NAO has complete discretion about the choice of its work programme and the best use of its powers. The Government is sceptical about whether it would make sense for NAO to expand its role in the way envisaged by the Committee as it values the NAO's non-partisan, forensic examinations of its performance. (Recommendation 18)

Good standards

Recommendations 19 to 21 cover good standards. This includes:

- ensuring a transparent system of ethical regulation
- communicating and reinforcing the core values of public service.

The Government agrees with the Committee that transparency is a vital prerequisite for any system of ethical regulation and notes that a number of the inquiry's witnesses agreed

⁹ Subject to the passage of the Constitutional Renewal and Governance Bill.

that the area of ethical standards is one of the strengths of British government. *The Seven Principles of Public Life*, namely:

- selflessness
- integrity
- objectivity
- accountability
- openness
- honesty, and
- leadership

remain as important today as they were when they were established by the Committee on Standards in Public Life in 1995. The Government remains committed to upholding and reinforcing these principles. These principles form the cornerstone of codes of conduct and will continue to do so in years to come.

In respect of making the ethical regulators a permanent part of the constitutional landscape by putting bodies such as the Committee on Standards in Public Life on a statutory footing, the Government's view, as set out in its response to the Committee's *Ethics and Standards: Further Report*, is that the reform of ethical regulation is likely to be a gradual process, which will allow examination and review of new arrangements. The Government is already committed to putting the Civil Service Commissioners on a statutory footing and, as regulation evolves, it will keep the other regulators under review. (Recommendations 19, 20 and 21)

Conclusion

Recommendation 22 states that the five requirements for good government should still hold true regardless of how the role of government evolves.

The Government is grateful to the Committee for their comprehensive and helpful report, and agrees that good people, good processes, good accountability, good performance and good standards are indeed pre-requisites for good government. (Recommendation 22)

Annex A

The Committee's recommendations

1. Britain is among the group of highest performing countries in the world when it comes to good government. Within this group of top performers, however, Britain is by no means the leader: its governing performance is roundly average when compared to that of other advanced industrialised nations. Bearing this assessment of British government in mind, we have ourselves sought to identify the most significant conditions for governing success. We have organised our conclusions according to the following five requirements, as we see them, of good government:

- Good people
- Good process
- Good accountability
- Good performance
- Good standards

2. The system for making ministerial appointments can work to undermine good government by encouraging behaviour that is focused on short-term political advantage rather than the long-term interests of stable, effective government. Prime Ministers have the formal prerogative to appoint whichever ministers they choose— but decisions about the appointment of ministers need to take account of governing need as well as political reward. Ideally, this would mean the appointment of fewer ministers than is currently the case, especially junior ministers. Another change that would assist good government concerns the behaviour of those individuals appointed as ministers. Ministers will always respond to short-term considerations of media and political impact, but this should not be at the expense of the longer-term outcomes that their policy decisions are attempting to influence or bring about.

3. Specific training, as we have recommended in the past, can help develop ministerial skills; but what is probably more crucial is leaving ministers in post for longer so that they can cultivate the knowledge and relationships they need in order to govern well. Assuming that the right appointments have been made in the first place, this would help ensure that government develops the ministerial capacity it needs to function effectively.

4. Government needs to do more than pay lip service to the need for civil servants to have a stronger delivery focus. It should actively recruit and promote those with the core operational skills needed to run government—including making sure the right policies and incentives are in place to signal that delivery skills and experience are necessary and core attributes of today's civil servants.

5. Government needs to ensure the right incentives, systems and culture exist for civil servants to work at their full potential—including the capacity to assess situations intelligently, and then to respond, innovate and take risks where appropriate to bring about the desired outcomes.

6. Government needs to be clear that any reduction in civil service numbers needs to go hand in hand with a transparent and informed deliberation about reducing the scope of governmental functions—if that is what is desired. This would help ensure that a “smarter” government is one that is focused on the core functions and priorities that it has identified; in other words, that smarter government is focused government.

7. We support the Government’s stated intention to empower local people and local communities. We believe a smarter state would also involve a real commitment to giving the necessary powers and freedoms to frontline public service workers so that they can do their jobs effectively. Government has a right to define what it expects of public organisations in terms of purpose, but those working in those [public] organisations need the space to decide how best to fulfil that purpose, with audit and inspection to monitor how well it is done. Only unacceptable performance should invite heavier intervention.

8. It is important to get the basics of good administration right—not least because this is the main contact that many people have with government. There is still much scope for government to sharpen up its act on many aspects of operational performance, particularly on effective project and people management. In doing so, it should heed the guidance and advice on good administrative process provided by bodies including the Ombudsman, the National Audit Office and the Audit Commission.

9. By its very nature, public administration exists in a political context, and it would be impossible—as well as undesirable—to remove it from that context. What it might be possible to do, however, is to limit the more harmful effects of the political environment on the administrative functions of government. Curbing the political demand for new initiatives is difficult, since it requires a broader change in the political culture. Less of a fixation on short-term concerns and media coverage, and greater ministerial awareness of the disruption their demands can cause, would be a good start, as would a determination to ensure that there was good basic administration.

10. Policy and decision making processes need to reflect the collective voice of government. An effective Cabinet is a basic building block of good government.

11. Processes for preparing and scrutinising policy and legislation should be as thorough and well-informed as possible, in the interests of good government. The policy making process should, for instance, build in the ability to learn from the experience of other countries, results of trailing or piloting of policies, likely impacts on those affected by the policy, and dissenting opinions. Governments should also show greater discipline in relation to the number of policy and legislative proposals they put forward—rather using them to score political points, as is sometimes the case. Reducing the amount of proposed laws and policies in this way would allow more time for proper consideration, and for much better pre-legislative and post-legislative scrutiny.

12. Ministers differ as to how directly they involve themselves in operational matters within their departments and some latitude should be allowed for such difference. We would, however, reiterate the recommendation of our previous inquiry into ministers and civil servants: good government requires clarity about the respective responsibilities of ministers and permanent secretaries, and about who is accountable for what. We still see a need for the “public service bargain” between ministers and civil servants to be set out in a

good governance code. This would help ensure government gets the political and administrative leadership it needs.

13. In principle, we agree that individuals within government should be held to account for their performance. This would include the ability to get rid of obviously under-performing civil servants. We would stress, however, that effective individual accountability is not about fault-finding and blame-pinning. Good accountability should help the cause of good government by clarifying to the people making up government how their particular roles—and how they perform those roles—relate to government’s overall ability to achieve what it sets out to achieve.

14. Effective accountability arrangements help ensure that people both within and outside government can identify who is responsible for what—so that, for example, redress can be sought if things go wrong. In addition, government needs to make sure that it can—and does—adapt existing accountability mechanisms so that officials and ministers can work effectively across departmental boundaries in order to meet wider policy goals, where appropriate. This might mean replacing or complementing department-based accountability structures with new cross-cutting ones.

15. To be credible, evaluations of government departments’ capacity to deliver—the departmental capability reviews—need to be much more clearly linked to assessments of actual performance such as public service agreement targets. This is just the start of what should be done in order to evaluate performance effectively, however. Government should develop a rigorous framework for assessing its performance in the round, both by individual department and for government as a whole. This framework should allow people to come to a judgement about how well government has been performing, and what needs to be done to improve performance in the future. It would also provide the tools for more effective scrutiny of government performance by parliamentary select committees.

16. In brief, performance assessments need to give a sense of how well departments are performing, drawing on the full range of evidence available to government. Relevant evidence would include performance against targets and other indicators, achievement of service standards, data to benchmark performance against that of comparable organisations, international comparisons, public satisfaction (if appropriate), numbers of complaints, and data on efficiency and value for money.

17. We believe that the fuller performance assessments we recommend above should examine and promote the capacity for government to learn from previous experience—both successes and failures.

18. Our basic idea is that there should be an effective body to monitor and chase progress on performance at central government level. At minimum, we believe the National Audit Office could—and should—work within its existing powers to undertake more comprehensive assessments of departmental performance in the round. We would further propose a stronger institutional home for efforts to assess and improve governmental performance. This would see the NAO evolve into a “National Accountability Office”, with a corresponding strengthening of its remit, powers and resourcing to fulfil this enhanced role.

19. Transparency is a vital prerequisite for any system of ethical regulation. It is the best way of ensuring that office holders have the broader public interest in mind when they are spending public money or performing other public duties. Transparency also makes it harder for those who do break the rules or who do act unethically to hide what they are doing.

20. A fundamental prerequisite of good government is the existence of a system of ethical regulation that helps to ensure high standards of public life are upheld. Codes of conduct should clearly express the standards of behaviour expected of public office holders and the values to be adhered to; and there should be robust mechanisms to monitor and enforce the codes. Government also needs to ensure that institutional arrangements to monitor and enforce standards embody the underpinning principles of ethical regulation—transparency, independence and accountability—in the strongest possible terms. In particular, it should act to make the ethical regulators a permanent part of the constitutional landscape by putting bodies such as the Committee on Standards in Public Life on a statutory footing.

21. Government has a central role in transmitting and reinforcing the core values of public service. This requires strong leadership from those within government, particularly at senior levels, to communicate the importance of high ethical standards and core public service values—and, crucially, to embody those values in their own actions and behaviour. This is essential if public trust in governing institutions and public office holders is to improve.

22. Regardless of how the role of government evolves, our requirements for good government should still hold true. In developing these requirements, we were conscious that they needed to apply to a widely varying range of circumstances. Any government needs good people, good processes, good accountability, good performance and good standards. As we see it, these are the basics of good government—and a prerequisite for any discussion of a smarter state.

Appendix 2 - Correspondence

Letter from Chairman of the Committee to the Comptroller and Auditor General, the Chair of the Public Accounts Committee, the Chair of the Public Accounts Commission and the Chair of the National Audit Office, 9 July 2009

I am writing to draw your attention to my Committee's recent report on *Good Government* (a copy of which is enclosed). In the report, we make a number of recommendations to improve how government works. The specific reason for writing is to highlight one of our main recommendations, which concerns the role of the National Audit Office. This builds on work we have previously carried out on strengthening how government performance is monitored:

'Our basic idea is that there should be an effective body to monitor and chase progress on performance at central government level. At minimum, we believe the National Audit Office could—and should—work within its existing powers to undertake more comprehensive assessments of departmental performance in the round. We would further propose a stronger institutional home for efforts to assess and improve governmental performance. This would see the NAO evolve into a "National Accountability Office", with a corresponding strengthening of its remit, powers and resourcing to fulfil this enhanced role.' (Paragraph 106)

Our *Good Government* report was able to draw on evidence provided by a range of expert practitioners and commentators on government, including the former Comptrollers and Auditors General Sir John Bourn and Tim Burr. Indeed, Sir John said to us that in his view the NAO was well able, within its current powers, to take on a greater role in assessing government performance in the round, and that it would be desirable for the NAO to do so.

I would be very interested to hear your thoughts on our recommendations, and in particular whether our idea for a 'National Accountability Office' represents the sort of direction that you think the NAO might take in future.

Letter from Amyas Morse, Comptroller and Auditor General, National Audit Office to Chairman of the Committee, 29 July 2009

You wrote to me recently about your Committee's recommendation that the National Audit Office should evolve into a 'National Accountability Office' with a corresponding strengthening of its remit, powers and resources. Your letter followed your email acknowledging my letter of 30 June,¹⁰ in which I explained that, as I develop my thinking about the direction in which I would like to set for the NAO, I would be very

¹⁰ Not printed

interested to discuss your perceptions of the Office and the role we play in holding government to account and also helping it to improve.

I agree with your view that assessments of central government can be a means of promoting good performance and avoiding the kinds of systemic failings that impede delivery across government. The effectiveness of government performance is particularly relevant in the current economic climate, and the Committee's report is a welcome contribution to this subject. I am keen that the NAO focuses more clearly on using our audit and evaluative skills to understand more about these systemic issues in order to work with Government and Parliament to secure lasting improvement. A key part of this work will be to gain a better understanding of performance in the round and we have started to evaluate departments from this perspective in a series of financial management reports and in performance briefings which we now routinely provide to select committees.

I think it would be helpful to meet and discuss these issues in the round, and my office will contact yours to arrange this as a matter of priority.

Letter from Edward Leigh MP, Chairman of the Public Accounts Committee to Chairman of the Committee, 21 July 2009

Thank you for your letter of 9 July, enclosing a copy of your Committee's recent report on *Good Government*. You asked for my thoughts on the recommendation that the National Audit Office should be transformed into a National Accountability Office with a wider remit that would include assessment and improvement of government performance.

The Committee discussed this proposal at our meeting on 15 July. We agree with you on the importance of monitoring, assessing and, where possible, improving central government performance, but we concluded that the current arrangements were adequate. The NAO already has the power to assess and promote effective performance in government. It is not constrained to examining financial management issues alone but can and does examine the effectiveness of project and programme delivery. More recently the NAO has started to develop overview reports, those looking at financial management are targeted towards the PAC and those examining performance in the round have been provided to Departmental Select Committees in connection with their reviews of departmental reports.

On performance more generally, you may know that we recently took evidence from the Cabinet Secretary on the Capability Reviews. We agreed our report on the issue last week and although we are unlikely to publish this until September, I think I can tell you that we concluded that while the Capability Review system is far from perfect, it is a very welcome initiative, with real potential as a driver for improvement. I expect that the Comptroller and Auditor General will report again in due course on the Reviews.

Given the breadth of the NAO's remit, its work on effectiveness for PAC and its willingness to undertake work for other select committees, we are not persuaded of the need for a new body to be set up or for the remit of the NAO to be changed at this time.

I am copying this letter to the recipients of yours.

Letter from Rt Hon Alan Williams MP, Chairman of the Public Accounts Commission, to Chairman of the Committee, 21 October 2009

Thank you for your letter of 9 July about the proposals in your Committee's report on Good Government relating to the National Audit Office.

I have seen the response from the Chairman of the PAC, which was discussed in the Committee, and I share the views expressed there. While agreeing with your Committee's aim that good performance should be promoted across Government by the NAO, I am not persuaded that changes to the remit and powers of the NAO, or to its name, are needed to achieve this.

You refer in your letter to the view of Sir John Bourn, the former C&AG, that the NAO is well able within its current powers to take on a greater role in assessing government performance in the round. The Public Accounts Commission examined the present C&AG yesterday on the NAO's strategy for 2010/11 to 2012/13, and approved the strategy. I commend the strategy to your Committee, as it includes many elements which accord with your Committee's recommendation, including focusing on common barriers to improving performance across Government, giving a lead to the public sector, making more strategic and forthright contributions on key issues, and developing new channels of influence within Government.

I endorse the suggestion of the C&AG and the Chairman of the NAO that they should meet you to discuss your proposals.

Letter from Andrew Likierman, Chairman of the National Audit Office, to Chairman of the Committee, 30 July 2009

Thank you for your letter of 9 July, enclosing a copy of your Committee's recent report on Good Government. Amyas Morse has written to you and suggested a meeting. This sounds like a very sensible first step.