

# Reforming Whitehall

Michael Gove's lecture makes interesting reading. He says he wants a civil service which is better at delivering and places more emphasis on the implementation of agreed policy. Previous governments too have sought to make distinction between the civil service as policy advisers to Ministers, and the civil service administering large programmes of tax and grants, or managing public services and investment programmes. Tony Blair set up a Delivery unit in the Number 10, to reflect his frustrations that things he wanted done were delayed or diluted.

When I was Margaret Thatcher's Policy Adviser I always regarded getting the policy worked out and agreed by Cabinet and Parliament as the start, not the end of the process. It then had to be turned into practical administration or spending. Margaret embarked on a substantial reform of the civil service, encouraged by Michael Heseltine who ran a Ministerial information system based on big data. Michael was right that Ministers often were not shown the key data any business person would expect at the top of a large company. The purpose of the reform was to separate the implementation or administration of various activities from the policy work and Cabinet level decisions over priorities and resources. A set of Next Steps Agencies were set up under professional public sector chief executives to run substantial services or programmes. The CEOs were set targets, offered bonuses for good performance, and were responsible for the day to day detail. Ministers remained responsible for the policy, the overall results and the financing.

A service like the NHS has long had professional and medical management running it. There is management at the national level, at the regional level, at the local level and in each hospital and surgery. They have large budgets and considerable devolved power. Ministers do not expect to be making decisions about which cleaning services to use or how much protective clothing to buy. Ministers are never involved in awarding huge contracts to suppliers. During the recent crisis responsibility moved upwards, and Ministers were drawn into procurement of ventilators and clothing, blurring the divisions between overall responsibility and the day to day judgements about how to spend budgets and provide for staff in each unit. Ministers had asked for plentiful supplies of PPE and tests and had offered the money to pay for them, but found they were pulled into how to do this at a time of world scarcity and rapidly changing views of how to defeat the virus

Under Labour some hospitals had scandals over high death rates or poor levels of care. Ministers had not ordered those to take place, and had not designed policies likely to produce such results. Once these issues became important national arguments, they of course had to step in, make decisions, and take some blame. It went to prove that in what can become a very centralised large service it is difficult to keep responsibility and remedial action at the local level, even though it was individual hospitals that created these problems.

It would be good to sharpen Whitehall's focus on delivery again, and to learn

from recent experiences in adapting a large public service to the hostile conditions of Covid 19. The call for better data is also a wise one. Often in the public sector the data is there but it is not available to decision takers in a timely and accessible way, or it comes in data series where the basis of computation is not properly understood. The data at the regular press conferences on the pandemic kept changing with different definitions and different aggregates, which made good decision taking more difficult.

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## **Build us out of recession?**

Yesterday we read of the forthcoming Prime Ministerial speech about the need to build new hospitals, transport systems and homes to help lift us out of the deep Covid 19 created recession we are living through. Investing in the future is a good idea. Better transport and some improvements to the health and schools estate are helpful.

There are many other things that are needed to get us out of the deep pandemic hole we and the rest of the world are in. The main drivers of our future success and prosperity will come from the private sector, expanding the goods and services we make and supply at home, and in turn paying more tax to support better public services.

I have drawn attention to the way health activity actually fell sharply over the lock down, despite the huge efforts some NHS staff put into fighting the virus, which we all admire. The large reduction in other NHS work to keep the hospitals clear for Covid 19 cases meant a big overall fall, which we now need to recover. We also need to get all the state schools back to work, either in classrooms or remotely, to regain that lost activity as well.

There is huge scope in the private sector to do more and to invest more. We need substantial investment in additional energy capacity, to remove our growing dependence on imports. There is the opportunity under our new independent trade policy from January to recapture much of the market share in temperate foods that we lost during our CAP years. We can aim to replace many of our timber imports, as the UK has good growing conditions for softwoods compared to our Canadian and Scandinavian suppliers. The UK has the liveliest and most promising tec sector in Europe, which needs more government contracts and full fast broadband rollout to assist it. The UK pharmaceutical industry has shown some of its strengths over the disease, and can achieve more.

Government can help by being an informed buyer, by setting a policy framework which advantages instead of disadvantaging UK based activity, by buying more UK sourced goods and services and by leading a movement to rely more on local output.

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## Remodelling universities

I would like our universities to be independent institutions dedicated to rigorous thinking, a tolerant exploration of a range of viewpoints, and fearless enquiry.

I favour more reliance on the Endowment model of funding. The more money universities can receive from legacies and donations, the more independence they can enjoy. Too many run on business models which depend on government grants, or on the goodwill of some categories of student who may also bring with them foreign government intervention.

Some Universities and Colleges have done a good job raising long term investment money, and some have done a good job investing it. Others can take more advantage of the very favourable tax status they enjoy. Gifts and legacies are tax free. Endowment funds pay no CGT, Income Tax or Stamp Duty. These are huge and valuable concessions.

Others have become very dependent on state grants. The danger of this is it can reinforce group think. The insiders from research faculties sit on Whitehall Committees to define the areas of interest and the people who will receive research funding. Fashionable preoccupations dominate at the expense of other sometimes more important questions to improve peoples lives. Solutions are often limited by conventional wisdom and can be distorted by professional jealousies. The whole system is open to the tyranny of the established.

At last Universities UK is talking about the dangers of Chinese influence. Chinese students have come in large numbers. They have a different relationship to their state and government to that of Western students. They wish to assist a large transfer of knowledge and IP to their country. Some universities need to be careful not to undersell our Knowledge and not to release or open up research with defence or strategic network implications through a casual disregard for what is going on.

Undergraduate programmes should be built around educating U.K. students. Post graduate research programmes can benefit from close exchanges with academics from like minded democracies. Second degree programmes may well be a good business line to establish links with students from anywhere in the world, where our educational excellence is something to share so they learn and we earn from the experience. These should not entail joint working on pioneering areas with strategic implications for our defence or economy.

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## Mrs Merkel may have got it at last

Mrs Merkel has said the UK does not want to submit any more to the ECJ, accept all the rule making powers of the single market or be in a joint fishery. It has taken a long time to get to this perception, but better late than never.

Anyone following UK politics would have grasped that the UK voters voted for Brexit to regain our independence. They voted for a pro Brexit Conservative government to confirm their wish to be independent after a difficult period of Parliament trying to oppose the will of the people. The aim was always to take back control of our laws, our borders, our money and our fish. We did not vote to join some EU Association Agreement like Turkey, or to recreate UK membership of the single market from outside the EU with no vote over its laws.

It has long been clear we are becoming a separate country. We are willing to have a Free Trade Agreement if the EU wants one, otherwise we will be happy to extend the tariffs they make us impose on non EU countries to them as well on departure, if that is their preference. The UK government is planning anyway to remove a whole swathe of low and fiddly tariffs for all as we leave.

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## Avoiding a second lock down

The UK along with most other countries accepted WHO advice. They monitored the virus as it built up to a certain level, trying to contain it by test and track of those with symptoms. When it got to a certain level it was then decided to require everyone apart from key workers to isolate at home. People were encouraged to work, but only if they could do so without social contact.

The UK entered lock down a little later than Italy or Spain because the virus arrived in force later in the UK. Indeed, the UK virus infection probably was fanned by people holidaying in Italy and returning with it where it was worse earlier than here.

Most argue the lock down has been successful. New cases and the death rate has fallen from shortly after the lock down was imposed, as you would expect. Some query whether the virus started to wane for other unspecified reasons, and some have been critical about the timing of quarantine provisions for visitors from abroad. It should be easy to agree that if you make people stay away from all physical contact with others, it should stop the spread of a contagious disease. As long ago as the medieval period they used isolation hospitals for contagious diseases they could not otherwise cure or control,

so it is not a new insight.

Today the issue is different. We know that whilst lock down can decelerate the virus, it will also do substantial damage to livelihoods and businesses. Whilst it is possible to borrow to pay for one lock down period and a business recovery from it, it would become very expensive to try to do so again from a second lock down. The damage would compound and more capacity and more jobs lost for ever.

So from now on government has both to save lives and livelihoods. It both has to bear down on the disease, and help economic recovery. The method has been laid out by Ministers and their advisers. It requires two things. It requires a good test and trace system, which we are assured we now have. It requires the co-operation of the public, who need to submit for a test if they have symptoms, and share details of their contacts if they test positive.

As an enthusiast for getting back to more normal working, I just hope the new model for containing the disease gets the buy in it needs to succeed. We need it to do so to save both lives and livelihoods. I look forward to the NHS establishing isolation centres for residual virus treatment, so the rest of the service can return to normal to start tackling the backlog.