

GOVERNANCE AND PUBLIC POLICY

Diploma stage examination

7 June 2007

From 2.00pm to 5.00pm
plus ten minutes reading time from 1.50pm to 2.00pm

Instructions to candidates

*There are **five** questions on this question paper*

*Answer **four** questions in total*

Two compulsory questions from Section **A**

Two of the three questions from Section **B**

*Question 1 in Section A carries a total of **50** marks*

*Question 2 in Section A carries a total of **20** marks*

*The questions in Section B each carry a total of **15** marks*

Where a question asks for a specific format or style, such as a letter, report or layout of accounts, marks will be awarded for presentation and written communication.



PRE-SEEN MATERIAL

Extracts from:

“Whitehall’s Black Box: Accountability and Performance in the Senior Civil Service”

A report by Guy Lodge and Ben Rogers (August 2006)

SUMMARY: TWELVE PROPOSITIONS ON CIVIL SERVICE REFORM

1. The senior civil service is one of the most important institutions in the United Kingdom. No government of any colour will be able to achieve its aims without a high-performing civil service. This is particularly true of a government, like the present, that has made public service reform a priority.

2. The British civil service is admired throughout the world. It attracts an exceptionally high calibre of entrants; it has high standards of probity; the public it serves largely trusts it.

3. If an institution is under-performing, this is usually largely because of the way it is managed and governed, rather than because of any inadequacy in the people working for it.

4. Despite its qualities, the civil service is under-performing in key respects. It is often ineffective in carrying out its core functions of policy design and operational delivery. Too much Whitehall activity is undermined by its inability to work effectively across departmental boundaries; by a narrow skills-base; and under-developed leadership. It lacks a strong centre able to think strategically, manage civil service wide change or drive standards up. Performance is poorly managed, and poor performance too often goes unchecked.

5. These weaknesses are not new and have long been recognised. Indeed, the civil service has been subject to a long succession of reforms, intended, but frequently failing, to address them.

6. The constitutional conventions governing the civil service and regulating its relationship with ministers, Parliament and the public are now anachronistic and severely inadequate. This is particularly true of the most important of these: the convention of ministerial responsibility. Together, these conventions entail that relations between ministers and civil servants are ill-defined, and their respective roles and responsibilities unclear. As a result, there is a ‘governance vacuum’ at the top of Whitehall: lines of accountability are confused and leadership is weak.

7. Many of the civil service’s weaknesses are traceable to its inadequate system of governance and confused lines of accountability. They could be remedied by a better system.

8. Previous reform efforts have not addressed the inadequacy in the civil service’s governance arrangements. Instead of seeking to reform the way the civil service is governed, they have focused on second order problems and left its constitutional conventions, and so its basic accountability structure, in place. That is why many of the problems that they were meant to address persist.

9. Government should reform the governance system of the civil service as a priority. It needs, in particular, to recast the doctrine of ministerial responsibility.

10. There are, broadly, two options for reforming the way that Whitehall is held to account:

- Ministers could, as in the United States, make a 'reality' of ministerial responsibility by appointing senior civil servants. Ministers would then be responsible to Parliament, and ultimately the electorate, for every aspect of civil service performance.
- The convention of ministerial responsibility could be reformulated, making politicians responsible for 'policy' decisions and civil servants responsible for clearly defined 'operational' ones. Means would then have to be found to ensure that both were made properly accountable to Parliament and the public for the way in which they handle their responsibilities.

11. It is possible to combine elements of these two options. Nevertheless, the second is generally preferable. Britain already has a strong executive, and giving it further powers to appoint and dismiss civil servants would risk strengthening it further. Introducing a clearer division of responsibilities between ministers and mandarins and improving the arrangement by which both are held to account would improve government performance.

12. Both ministers and civil servants stand to gain from a greater demarcation of responsibilities. Civil servants will gain new responsibilities and a higher public profile. Ministers will get a professional, better managed, more strategic and outward-looking civil service. They will also get more support in making policy.

INTRODUCTION AND OVERVIEW

There is no more important organisation in the UK than the civil service. It is the engine of the British state. No government, of any political persuasion, can hope to achieve its aims without a well-run, high-performing civil service. This is perhaps particularly true of a government, like the present one, which has made public service reform a defining priority. But it is not just ministers who rely on the civil service. Local government, the National Health Service, schools, the police service, universities, the armed forces, the railway system, and the voluntary and private sectors all depend on it too. It shapes our lives – and life chances – in countless ways.

Yet, surprisingly, the civil service is often neglected and overlooked by politicians, commentators and the broader policy community. Though headlines are, as we write, dominated by crises at the Home Office and elsewhere in Whitehall, it is rare for Whitehall to get serious, constructive attention from the political class. Two examples illustrate the point. In nine years as Prime Minister, Tony Blair has made just two speeches on the civil service, though he has made dozens of speeches on public service reform (Blair 1998; 2004). Labour's lengthy 2005 manifesto failed to mention the civil service once (Labour Party 2005).

This report explores some of the civil service's strengths and weaknesses and makes suggestions as to how it needs to change if it is to meet the challenges it faces.

Our research focused on the senior civil service – the 'Whitehall Village' – and the senior civil servants who work in it (Hecló and Wildavsky 1981). Whitehall is by no means the same thing as the civil service. Indeed, if we define senior civil servants as grade 5 and above, then the senior civil service (SCS) comprises just 3,900 employees out of a total of half a million – less than one per cent of the civil service. Some critics might question whether we need 'another' focus on this cadre of mandarin. They have a point. The Whitehall *esprits de corps* have been the subjects of a disproportionate number of

reports over the years, and there is need for research on the junior and middle ranking parts of the service and especially on the agencies. These have been seriously neglected.

Nevertheless, we feel justified in focusing on the upper parts of the organisation, principally because of their importance in making the rest of the civil service – and beyond – work effectively. There are two further reasons. In many respects, the senior civil servants working at the heart of government have largely escaped systemic reform in the post-war period (Jenkins 2004). The Next Steps reforms, for instance, focused on the periphery, not the core (Talbot 2005). We also believe that changes within the operating environment of government have created new tensions and challenges for senior civil servants – especially in their relationship with ministers. In short there is ‘trouble at the top’.

Our argument

The argument of this report, in essence, is that, while the civil service remains one of the best in the world on many measures, it suffers from a number of weaknesses. It is, of course, hard to make generalisations about an institution as complex and varied as Whitehall. But, our research (above all the evidence emerging from our interviews) suggests that, while civil servants are often dedicated, impartial and talented, Whitehall is poor at reflecting on its purpose, strategic thinking, dealing with inadequate performance, managing change effectively, learning from mistakes or working across departments. Corporate leadership is lacking.

Despite the drives over recent decades to recruit a wider range of specialists into the service and improve training within it, amateurism still too often prevails, reflecting a skills gene pool that is too narrow – management and delivery expertise, in particular, are still lacking. Though Whitehall has ‘opened up’ in recent years, the degree of mobility in and out remains limited, with many outsiders complaining of the difficulty they have in penetrating the core of the civil service. Civil servants tend to look upwards, rather than outwards, in a culture that still values proximity to ministers above all else. The focus upwards also means that the civil service often lacks an understanding of the public it serves.

We acknowledge that we are not the first to have levelled many of these criticisms. Most of the shortcomings we point to are of a long-standing nature and they have been the subject of many articles and publications over the years (for example, Balogh (1959), Fabian Society (1967), Barnett (1986), Ponting (1986), Bichard (2004; 2005), Straw (2004) and Darwell (2006)), as well as of official reports and associated reform efforts (including the Fulton Report (1968), Next Steps (1988), Continuity and Change (1994), Modernising Government (1999), and Delivery and Values (2003)).

We contend, however, that past reforms have not got to the root of the problem. Whitehall’s weaknesses flow from the way it is *governed* – from the constitutional conventions that dictate who is responsible for what, who gets appointed to run the top echelons of the service and how, and what they are expected, allowed or encouraged to do. Yet, as we suggest in Chapter 5, past efforts to reform Whitehall have treated Whitehall’s governance arrangements as sacrosanct, and instead focused on what are, according to our analysis, ‘second order’ matters.

The governance arrangements of an institution, we argue, play a vital role in shaping its culture, its sense of purpose, its capacities and capabilities – in short, its effectiveness. And Whitehall is no exception. Its governing conventions foster the culture, incentives and outlook of the service, shape and regulate the pivotal relationship between ministers and mandarins, and ultimately determine how and why the civil service behaves as it

does. Yet the conventions governing Whitehall are seriously inadequate and out of date. In particular, we argue that the central convention of ministerial responsibility, while once, perhaps, effective, needs recasting. As it works now, the respective responsibilities of ministers and civil servants are unclear and lines of accountability confused.

Some might suggest that they did not need this report to tell them that civil service governance is a live issue. Hardly a week goes by without some news item raising questions about the 'politicisation of the civil service' and government assaults on its traditions of integrity and impartiality. But, our argument is that the debate about politicisation – a debate that is by no means new – is something of a diversion. Were special advisers or other political appointees – the main agents of politicisation – to be abolished tomorrow, the basic problems with the way the civil service is governed would still exist. Rather than see politicisation as the core problem or key solution facing Whitehall, we understand it as a response, perhaps short-sighted, to the fundamental shortcoming in the way Whitehall is governed.

The governance vacuum

What, then, is precisely wrong with the way Whitehall is governed? This is best put by saying that lines of accountability are weak and confused. There is a 'governance vacuum' at the heart of Whitehall. It is surprisingly hard to find an official characterisation of existing governance arrangements – roles and responsibilities remain largely uncodified. Nevertheless, a number of doctrines and conventions laid down in the 19th century are key.

The most important of these, ministerial responsibility, dictates that civil servants are accountable to ministers for their actions, and ministers are, in turn, accountable to Parliament. According to this doctrine, civil servants exist to assist ministers in advising on and executing government policy. But, ministers, and ministers alone, are answerable to Parliament, and ultimately to the electorate, for both the policies they instruct the civil service to execute and for their execution or 'operationalisation'. Indeed, a second, related convention – that of the 'anonymity' of civil servants – denies Parliament, or any other public body, the opportunity to interrogate civil servants or otherwise hold them to account in a meaningful way. As Turpin writes: the 'ancillary to ministerial accountability is the non-accountability of civil servants' (Turpin 1994).

If the convention of ministerial responsibility appears to give ministers power and responsibility over the civil service, others severely limit their space for manoeuvre. Jealously guarded conventions of recruitment and promotion by merit, 'permanence' and 'impartiality' prevent ministers from appointing, promoting, sanctioning or dismissing their staff, seeking independent advice, or forcing change on an unwilling service. Indeed, these conventions underpin an understanding of the civil service – still very powerful in Whitehall – as an autonomous profession, accountable to no one but itself.

These arrangements, which evolved throughout the mid 19th century, might have worked well in their early days, when government was small, Whitehall departments still smaller, and the job of managing both relatively simple. But they work less well now. Indeed, our contention is that they have become a recipe for ambiguity, confusion, weak leadership and buck-passing. Civil servants' and ministers' prerogatives and responsibilities are ill-defined, and relations between them inadequately regulated or managed. We suggest, indeed, that the tensions induced by Whitehall's 'governance vacuum' are becoming more pressing by the day, with mandarins and ministers recognising that roles and responsibilities urgently need recasting – a view most recently acknowledged by ministers and officials in the Home Office, following a fundamental review of the department (Home Office 2006).

We will return to explore the problems with the civil service's governance arrangements and the constitutional conventions that underpin them in greater detail in Chapter 4, but as our claims in this area form the lynchpin around which the rest of our arguments revolve, we here lay out what we think are the main problems in more detail:

Lack of civil service accountability

- *External accountability:* The doctrine of ministerial responsibility means that civil servants are not subject to *external* or direct accountability for the roles and functions they perform. (The exception is that Permanent Secretaries are directly accountable to Parliament, through the Public Accounts Committee, for financial probity.) Parliament – and the outside world – have very limited powers to interrogate or scrutinise civil servants.
- *Internal accountability:* Ministerial responsibility rests on the understanding that civil servants are accountable to ministers, who are directly and exclusively accountable to Parliament. In fact, ministers cannot effectively hold civil servants to account. To do so would violate the conventions around recruitment and promotion on merit, and civil service impartiality. Ministers have very limited powers to choose their civil servants, promote them or dismiss them – or to seek redress when they feel that they are being poorly served. Consequently, *internal* accountability is weak.

Lack of ministerial accountability

- The ambiguities in the civil service's governing conventions mean that ministers are also insufficiently accountable for their performance. Despite the conventions supposedly guarding civil service independence, and protecting civil servants' right to 'speak truth unto power', civil servants are not in a good position to resist improper demands, challenge ministerial amateurism or prejudice, or object to the hiring or conduct of special advisers and other political appointees. The convention of ministerial responsibility dictates that civil servants exist to 'serve the government of the day', and that, by and large, means doing as ministers wish. If ministers insist on pursuing poorly worked out or attention-grabbing policies, so be it. It is the job of civil servants to support ministers in everything they do. And, when criticised by ministers, civil servants have very little opportunity to defend themselves. Civil servants, the theory goes, work directly for ministers, and have no 'constitutional personality' of their own.

Lack of clarity in Cabinet Secretary–Permanent Secretary relations

- Relations between Permanent Secretaries (the heads of departments) and the Cabinet Secretary (nominally the head of the civil service) are ill-defined. Permanent Secretaries are said to answer to their ministers, and, in their role as accounting officers, to Parliament. At the same time, the centre, in the form of Cabinet Secretary, Prime Minister and Treasury, make increasing demands on them, and exercise a growing, if mainly informal, authority over them. Too often, responsibility and accountability falls between the gaps in this arrangement.

It is our contention that these shortcomings in the governance arrangements at the top of the civil service have serious negative effects on civil service performance overall. Among other consequences, they:

- lead to an absence of clear corporate leadership, so detracting from the service's ability to think and act strategically or drive change.
- ensure that civil servants have a weak sense of individual responsibility; there is no tradition of feeling accountable for outcomes – too often there is no price for failure in Whitehall.
- militate against root and branch change – as a self-governing institution the civil service can, and in the past always has, avoided fundamental reform; there is no external pressure to change.

- allow ministers and civil servants to duck and dive behind one another when things go wrong.
- encourage civil servants to focus upwards on ministers, rather than outwards on civil society organisations and citizens.
- result in a neglect of managerial and operational matters – the doctrine of ministerial responsibility dictates that ministers are responsible not only for developing and applying policies, but for the strategic management and operations of their departments; yet, most ministers have little interest and even less capacity in issues of strategic management and operations.
- promote ministerial overload by drawing ministers into operational details.

Put more positively, we argue that a clear accountability system – one that clearly identifies the responsibilities of ministers and civil servants and ensures that they are held to account in executing these responsibilities – will force a step change in the civil service as a whole. With improved governance arrangements in place, the civil service will be able to be relied upon to 'innovate from within' (Leadbeater 2002).

Our recommendations

But how should relations between ministers and mandarins be divided up, and to whom should they be accountable? We end our report with some brief recommendations. We argue against one possible reaction to the problems that we have identified – greater politicisation of Whitehall. This, we argue, would result in a further transfer of power to Britain's already mighty executive, and might further discourage the civil service from looking outwards and engaging with citizens, local agencies and civil society.

Instead, we favour measures that would preserve the civil service's traditions of neutrality and objectivity, but ensure that civil servants – and ministers – are properly held to account for their performance. To this end, we argue that the convention of ministerial responsibility should be revised, so that, while ministers remain accountable for policy, resources and strategic decisions – including decisions about the role and structure of the civil service – civil servants become externally accountable for clearly defined operational matters.

Revising the doctrine of ministerial responsibility will only prove productive, however, if we can find ways of adequately supporting ministers and civil servants in their new roles and ensuring that they really are held to account for the way they handle their new responsibilities. This demands, in our view, a radical overhaul in the way the civil service is governed. Among other reforms, we recommend:

- The creation of a stronger, more centralised civil service executive, led by a civil service 'Head'. The Head of the Civil Service would, in consultation with the Prime Minister and individual ministers, appoint and line manage Permanent Secretaries. He or she would have the power to reward high performers and remove under-performers. He or she would also be responsible for strategic management of core corporate functions and services, like human resources, knowledge management, information and communication technology, and financial management. Ministers, of course, would not only retain control over resources, they would have a power of veto over senior appointments and would be actively involved in informing the performance assessment of Permanent Secretaries. And they would, most importantly, remain responsible for setting policy.
- The establishment of a new governing body for the civil service. Appointed by Parliament, this would be responsible for setting the strategic direction for the service, appointing a civil service head, scrutinising performance, and laying out what is expected of civil servants and ministers and, where necessary, managing disagreements between them.

- The enhancement of Parliament's powers to hold ministers to account, and the creation of new powers to do the same for civil servants.
- The introduction of external performance assessment for all Whitehall departments.
- The creation of a Department for the Prime Minister and Cabinet, with the Cabinet Secretary becoming, in effect, the Permanent Secretary of the new department. This department would be responsible for running the Prime Minister's Office and serving the Cabinet and cabinet committees.
- The enshrinement of these reforms in a new Civil Service Act. The traditional doctrine of ministerial responsibility, though vague and contested, remains powerful, and it will be very difficult to establish new and clearer lines of accountability, unless ministerial responsibility is reformulated in statute.

A number of caveats: first, we willingly acknowledge that Whitehall has very real strengths. International surveys show that the British civil service remains one of the most admired in the world (Kaufman *et al* 2005). Competition for entry into the civil service is intense, ensuring that recruits are exceptionally able and qualified: the civil service came first in the Top 100 Graduate Employers Survey conducted for *The Times* in 2003, and second in 2004 and 2005 (*The Times* 2003, 2004, 2005). Training and support for senior civil servants is now much stronger than it was, and Whitehall is now much more open to outsiders. Objectives are more clearly defined than they were and most officials say they understand their goals. Old and invaluable traditions of hard work, public-mindedness and integrity are alive and well. Moreover, the weaknesses that remain are weaknesses not of individuals but of culture, system and, ultimately, governance.

Second, disagreements over the future of the civil service are often depicted as pitting advocates of increased politicisation against those loyal to the traditional values of anonymity, permanence and impartiality – or, more emotively, as pitting ministers against civil servants. We don't argue that the debate does sometimes take this form. But our report cannot be fitted into this framework.

We maintain that the existing arrangements serve both mandarins and ministers poorly. A clearer articulation of the prerogatives and responsibilities of civil servants and ministers, and more rigorous scrutiny of both will benefit all. Ministers will get a more effective civil service – and be in a position to focus on making policy. Civil servants will get greater freedom and greater responsibility for delivering on government objectives. In fact, we think, were there better governance arrangements, 'politicisation' would become less of an issue. Ministers are less likely to feel driven to make political appointments to drive change and improve standards. Civil servants will be less inclined to view political appointments as a threat.

1

SECTION A (Compulsory – answer both questions)

• **Requirement for question 1 – based on the pre-seen material**

- (a) The pre-seen material asserts that constitutional conventions governing the civil service are now anachronistic and inadequate; and that, as a result, the relationship between ministers and the civil service is ill-defined. It contends that although the civil service has been subjected to a long succession of reforms, the reforms have focused on second order problems (such as introducing measures aimed at marketising the civil service) rather than addressing the key problems of governance and accountability.
- (i) Explain what is meant by marketisation of the civil service and outline the principal objectives of marketisation. 5
- (ii) Identify and describe the models that attempt to explain the relationship between ministers and their senior civil servants in the decision making process. 10
- (iii) Assess the extent to which you believe that each model identified in (a) (ii) above has, since 1997, adequately explained the actual relationship between ministers and their senior civil servants. 6
- (b) An alternative approach towards analysing the power relationship between civil servants and ministers, and the governance of the civil service, was suggested by the sociologist, Max Weber. Outline Weber's views on this issue and assess the validity of his views. 10
- (c) The Civil Service Code (revised 1999) and the Ministerial Code (2001) show, amongst other things, the desired relationship between civil servants and their ministers. Outline the content of the parts of these two codes that relate to this relationship. 6
- (d) The pre-seen material makes frequent reference to the convention of "ministerial responsibility". Explain the meaning of this convention and evaluate the extent to which the convention works in practice. 7
- (e) The pre-seen material makes reference to the "politicisation of the civil service" and to associated government assaults on civil servants' traditions of integrity and impartiality. To what extent is there evidence that civil servants have been politicised? 6

(50)

2

Since 1945, the UK has experienced government shaped by a number of different economic and political ideologies. At the same time, official attitudes towards key policy areas have varied according to which party has been in government.

- **Requirement for question 2**

- (a) Explain what is meant by the economic and political ideology known as the "Third Way" that was introduced into the UK in 1997. 5
- (b) Describe the UK's other major post-World War Two economic and political ideologies, and explain how the "Third Way" differs from them. 7
- (c) Outline the key differences in attitude of the two main UK political parties towards the key policy areas of the *economy* and *social welfare*. 8

(20)

SECTION B (Answer two from three questions)

3

The policy-making process in the European Union is dominated by four principal governmental institutions.

• **Requirement for question 3**

- (a) Outline the principal roles and functions of each of the EU's four principal institutions. 8
- (b) To what extent do the EU's four principal institutions suffer from a democratic deficit? 3
- (c) Outline the arguments for and against the view that UK parliamentary sovereignty has been impaired by its membership of the European Union. 4

(15)

4

One of the most important tasks of government is to exert some degree of intervention over the national economy in order to promote economic stability.

- **Requirement for question 4**

- (a) Outline the major economic problems that governments have, over time, sought to influence in order to promote stability. 6
- (b) Since 1979, the UK government has been pursuing supply-side economic policies. Explain the meaning of "supply-side policies". 2
- (c) (i) Which one of the problems outlined in (a) above does the present UK government prioritise in its supply-side policy regime? 1
- (ii) Why is the problem identified in (c) (i) above given policy priority? 2
- (iii) How do the authorities seek to influence this problem? 2
- (iv) How may the resolution of this problem impact on the other major economic problems? 2

(15)

5

Since 1979, the creation of a new form of public management has been based on supply side policies and notions of a free market involving the rolling back of state regulation and intervention. Ironically, this approach to public management has engendered a whole new area of state regulation and intervention.

- **Requirement for question 5**

- (a) Outline the main types of situation in which regulation by the state may occur. 4
- (b) Explain why, with examples, there has been an increased need for regulation and self-regulation since 1979. 5
- (c) Outline the major arguments that are typically put forward against regulation. 6

(15)
