

Rewiring government



Peter Makeham

About this guest paper

Peter Makeham was a director general in the Department for Education and the Home Office between 2000 and 2011. In this short guest paper for the IfG he sets out what needs to happen to meet Keir Starmer's pledge to rewire government. His views are his own.

Introduction

The prime minister set a challenge in his statement on 13 March 2025. He said “the state employs more people than it has in decades. And yet – overstretched, unfocused, trying to do too much, doing it badly.” He wants change by “allowing the state to operate at max power... reforming it so it is closer to communities, tearing down the walls in Whitehall, inviting the British people in as partners in the business of change”.

Patrick Maguire in *The Times* reports even that the prime minister “has struggled to comprehend the scale and inefficiency of the structures he is supposed to rule”, describing “a sclerotic civil service that jolts into life only when he intervenes personally; dense thickets of regulation, the quangos, boards and committees folding into each other like Escher’s staircases”.

As an ex-civil servant, this is difficult to hear. Except I have come to the same conclusions. And I have a view of what has gone wrong and what should be done.

What has gone wrong?

This government is not the first to find such problems. Previous ministers have complained that when they “pulled the levers”, nothing happened. Frontline professionals in public services complain they are micro-managed by processes that divert them from the services needed by the public. Communities want more of a say in their local area. The public is too often dissatisfied with the service they get. The Institute for Government’s Commission on the Centre of Government observed that the “centre of government has become disconnected from the lives of citizens on whose behalf it works”.*

But it is hard to find out exactly what is going wrong with central government. The structure of government is complicated – with 24 government departments, a further 20 “non-ministerial departments” and some 423 agencies and public bodies. And at the same time there is little performance information that tells those inside or outside government whether it is effective. Government departments and programmes are rarely reviewed independently and there is insufficient visible accountability for policy, delivery or (lack of) outcomes.

There has undoubtedly been a failure to reform the civil service. A series of reviews over the last 50 years, ranging from the Fulton report in 1968 to Lord Maude’s Independent Review of Governance and Accountability in the Civil Service in 2023, have been consistent in their conclusions. Those problems still exist, meaning there have been no major reforms in the civil service over the last 50 years. Civil service reform is badly needed but that alone will not solve the real problem of central government.

* Urban J, Thomas A and Clyne R, *Power with purpose: Final report of the Commission on the Centre of Government*, Institute for Government 2024, www.instituteforgovernment.org.uk/publication/power-with-purpose-centre-commission

Many governments over the last five decades have taken steps to try and fix things. But many of these initiatives have had little more than a palliative or passing impact. They have not been based on any comprehensive or systems-based view of what is not working and how central government could be reconfigured to make policy and public services work much better.

The central problem lies in how government departments work:

- Each department is responsible for particular policy areas and answerable to Parliament through their secretary of state. The focus is on their objectives for those policy areas. Their powers are strong including legislation, regulations and funding. Departments often combine policy making and service delivery. They are powerful bodies but with a narrow, blinkered focus.
- More decisions have been taken in central government departments and fewer decisions made in local communities and by the front line.
- Those departments take more detailed and prescriptive decisions than in the past. They believe setting rules and regulations and creating new bodies and policies will prevent mistakes. This “top-down” approach does not fit how decisions should be made about local areas or people.
- Collaboration between government departments is often poor and there is no effective mechanism in central government to ensure collaboration.
- Departments often fail to engage properly with people and organisations outside government. One of the consistent findings in reviews of the civil service has been its imperviousness to outside views.

The relationship between the way government departments define their responsibilities and the way individuals live their lives is disjointed.

Each central department focuses on its own policy areas. But the allocation of those policy responsibilities between departments does not match the complex, interconnected systems in society and the economy. Those systems are not owned by government. Central government departments often fail to understand them or engage with them properly.

There are many activities that can be defined as systems in the UK. A “system” is a set of inter-related parts that work together for a purpose. Large systems are typically made up of smaller sub-systems. Some large systems are heavily influenced by government policy (such as justice, education and health) while some are not (such as business, technology and finance). None of those systems are wholly owned by government. The current departmental structure and the way in which departments work does not match how systems operate in the real world. Put simply, government is not working in step with how our society works, but separately.

The delivery of services to people is not joined-up either. Our lives – as individuals, families and businesses – are defined by place, work, family and personal life. We have to navigate the way in which government departments and their agencies have defined the world. The extent to which we are affected by government varies enormously.

For some of us, our contact with government services is fairly limited, mainly with the NHS and HMRC. But many vulnerable people depend on government funded services. They have to provide the same information to multiple public agencies and go to various agencies that use different criteria and do not collaborate to deal with their needs. Their needs are interconnected and not met properly. Local communities face the same issue and have to cope with many different government departments and agencies. People and communities need joined-up services and joined-up policies and that is almost always what they do not get.

Central government decisions make the “front line” write everything down. That gives less time for professionals to give a good service. Decisions made by frontline professionals are much more likely to meet the complex needs of people than a tick-box approach decided in central government.

These issues are fundamental to how central government works. Getting departments to “listen” to the front line will not cut it. Decisions and resources should be moved from central government departments to the front-line and to places. People should be engaged in the decisions made about them. That needs a new approach.

A new approach

These deep-seated problems can only be tackled by simplifying the structure of central government and changing how it works. Government should base its decisions and services on three levels: people, place and central government. Policies and decisions should be based on that order of importance, starting with the real outcomes ministers want to achieve in our society.

Government should be better organised to set strategy

Central government is ill-equipped to take strategic decisions and poor at both developing policies and implementing them. The structure of central government should be based on three sharply defined levels: strategic, policy and delivery. Those levels of decision making should be separate. Each level needs significant change to work effectively.

The development and review of government strategy should be carried out by a small sub-group of cabinet ministers, supported by a strong strategic centre. This will give strategy from the centre of government more focus and proper support.

The rigid siloed structure of government departments does not fit the complexity of our society and economy and should be replaced. The era of sclerotic government departments is over. Government should use “systems thinking” to put a new structure

in place. Responsibility for government working with stakeholders in each system would be held by a lead minister and senior civil servant, supported by a small high-quality policy group. Collaboration between systems that cover related issues will be crucial to enable joined-up policy. Systems should be grouped in a new version of “departments” so accountability to parliament is effective. Those ministers and senior civil servants in one of these new-look departments would have to work together on related issues.

Delivery needs more focus and expertise. There should be a Department of Delivery that gives advice to the ministers and senior civil servants responsible for policy. It should identify poor performance, reduce duplication and reduce the number of agencies and bodies.

Central government needs a fundamental overhaul

The centre must accept its role is to enable society and the economy to work better. It does not itself deliver economic growth or public services, but instead must help people living and working in the UK to do so. But the present departmental structure at the heart of government is based wholly on the needs of government itself, with the prevailing attitude of command and control focusing on what the government wants, not what people need.

These proposals do not reduce the importance of the role of government, but they would fundamentally change how it would be done. The aim of the changes proposed is to enable decision making by local communities and frontline professionals, supported by good performance measures and data. Broad outcomes set by government will enable more devolved decisions that match personal and local needs.

Then proper accountability needs to be enforced at all three levels of people, place and central government. The issue of accountability runs through all these necessary reforms – just as accountability and good governance should run through the entire government system. Accountability is essential and links local delivery back to central government. Failures occur when accountability does not work.

And throughout there must be good collaboration both within government and between central government and stakeholders. There is an almost natural tendency for separately defined bodies not to cooperate with other bodies; that happens within government departments, between government departments and with stakeholders outside government. The systems approach to improving how government works depends on proper collaboration between the defined systems inside government and with stakeholders outside government have ownership in those systems, whether they are participants or recipients of the outcomes.

The civil service needs thorough reform

Reform of the civil service should be focused on how well it is doing its job – advising government, implementing its decisions and achieving the objectives set. But there is little evidence on the quality of policy advice and the effectiveness of implementation.

Departments and other civil service bodies should be better at assessing performance against objectives. Capability reviews should be reintroduced. The civil service lacks good case studies and shows little interest in finding out what works and what does not.

Accountability also needs to be improved. Some practices discourage good accountable people management. The expectation is senior people manage people and more senior people manage many more people. But some individuals are poor at managing, with damaging effects on performance. Little effort is put into finding out about the quality of someone's people management abilities in any systematic way. There are no effective feedback systems that help to identify poor managers. The result is a system in which some managers think their job is just to supervise the work of others very closely and a culture in which identifying problems and challenging a line manager is very unwise.

The culture of the civil service needs to be addressed too. The civil service needs to be asked a series of questions:

- Is "gradeism" a problem? Are views about different approaches to policy or management welcomed? Is questioning and challenge encouraged?
- Is "domain" experience truly valued? Are senior civil servants discouraged from staying in roles long enough to build and use very good relationships with stakeholders?
- Are civil servants empowered to learn, adapt and lead locally or are they confined by incentives that favour compliance, uniformity and central control?

If not addressed, civil service culture will continue to favour risk aversion and process over systemic engagement with real-world complexity.

Conclusion

These proposals would be a radical change to the way in which central government works. The changes would be mutually reinforcing, moving resources to local areas and the front line and enabling better delivery of public services within local areas.

Central government should be smaller, well organised and focused, setting broad outcomes as the motor of decisions made locally. The role of government would be just as important but different – enabling the people and systems, on which society depends, to work more effectively. Only the government has the levers to unlock and encourage the capacity of people and businesses to take the right decisions. Keir Starmer has said AI will improve the government's work, but its true power will not be unleashed unless the fundamental wiring of central government is changed.

To revisit the quote from the prime minister we opened with: these proposals will “allow the state to operate at max power” by “reforming it so it is closer to communities, tearing down the walls of Whitehall, inviting in the British people as partners in the business of change”. The prime minister should embrace them.

Governments in the past have fiddled round the edges – changing departments, getting rid of quangos, having a “bonfire of regulations”, reviewing this and that. Fiddling with how government works will not make much difference. It needs radical change and proper rewiring with a different approach to government.

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 instituteforgovernment.org.uk

 enquiries@instituteforgovernment.org.uk

 +44 (0) 20 7747 0400

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**Institute for Government, 2 Carlton Gardens
London SW1Y 5AA, United Kingdom**

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