



House of Commons
Public Administration Select
Committee

**Change in Government:
the agenda for leadership:
Further Report,**

**with the Government
Responses to the Committee's
Eleventh, Thirteenth and
Fifteenth Reports of Session
2010-12**

**Eighteenth Report of
Session 2010–12**

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The Public Administration Select Committee (PASC)

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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Change in Government: the agenda for leadership: Further Report

1. We reported to the House on *Change in Government: the agenda for leadership* in our Thirteenth Report of Session 2010-12, published on 22 September 2011 as HC 715. We also reported to the House on *Good Governance and Civil Service Reform: 'End of Term' report on Whitehall plans for structural reform* in our Eleventh Report of Session 2010-12, published on 18 July 2011 as HC 901, and made a further report to the House on *Smaller Government: What do Ministers Do?* in our Fifteenth Report of Session 2010-12. We have now received the Government's response to all three reports, which we publish as Appendix 1 to this Report, and a response from the UK Statistics Authority to a recommendation in our report on *Change in Government: the agenda for leadership*, which we publish as Appendix 2.

2. We report briefly below on the main issues raised in the Government's response. We plan to examine in greater depth a number of the issues covered in the response in our continuing examination of Civil Service reform through this Parliament.

Civil Service reform

3. We are pleased to note from the Government response that the Minister for the Cabinet Office shares our view on a number of the key changes needed in order to deliver the Coalition's programme for government. In particular we welcome the recognition that the Civil Service needs to adapt to become more integrated and fluid, allowing easier movement around the service. We are encouraged to learn that the Minister has been advocating "a different culture: pacier, less paper-driven, less imprisoned by process, more entrepreneurial and innovative, less risk-averse." We also welcome his commitment to "a massive upgrading" in project, programme and contract management skills.

4. We have consistently pressed for the Government to introduce a coordinated change programme for Civil Service reform, which we regard as absolutely necessary if the Government is to achieve its ambitious objectives for decentralisation and public sector reform. We recommended that the Government should produce a comprehensive change programme "articulating clearly what it believes the Civil Service is for, how it must change and with a timetable of clear milestones". We therefore very much welcome the announcement that in the spring of 2012 the Government will publish an outline programme setting out priority areas for cross-Civil Service reform. We look forward to examining this programme and tracking its development and implementation. We also greatly welcome the announcement that the Cabinet Office is to appoint a Director General for Civil Service reform in 2012.

Change management

5. We indicated our intention to scrutinise change in the Civil Service against six key principles of good governance and change management over the course of this Parliament. Those principles are summarised under the headings of leadership, performance, accountability, transparency, coherence and engagement. We are pleased to note that the

Government welcomes this proposal and accepts the principles as a basis for scrutiny of progress on Civil Service reform.

Civil Service skills

6. We recommended that the Cabinet Office should monitor departmental change programmes to ensure that departments retained and developed the key skills they needed to maintain their core commitments and long term performance. The Government indicates that this is a matter for individual Departments alone, and that there are no plans to “impose central direction from the Cabinet Office” here. We are disappointed by this response, which to us appears to be an abdication of proper leadership. It seems to us odd that there is no arrangement to assess whether key skills are being retained across the Civil Service in a period of substantial downsizing, and worrying that there are no plans to undertake even the most rudimentary monitoring.

Staff engagement

7. We recommended that the Government use Civil Service staff surveys and other opportunities to gauge levels of support for organisational reforms across the service, and that the Government should act on the findings to ensure that good change management practice is replicated across Whitehall. In its response the Government acknowledges low levels of staff engagement across the Civil Service and indicates commitment to tackling this issue. We are pleased to note that the Government recognises the importance of the responsibilities of leaders and managers to engage staff with their work and with the objectives of their organisation. The Government response cites as an example of positive engagement practice the increase in staff understanding of the objectives and purpose of the Department for Transport following a sustained engagement programme. We applaud this initiative and expect Departments to look to such best practice to improve their engagement levels as reform initiatives progress.

Ministerial numbers

8. In our further report on Ministerial numbers *Smaller Government: What do Ministers Do?*, we pressed the Government to consider again the merits of a fresh review of Ministerial numbers by the mid-point of this Parliament. The Government does accept the principle that there is a link between the size of the House of Commons and the size of the executive, but does not consider that the case for a more urgent review of Ministerial numbers has been made.

9. We welcome the acceptance by the Government of the principle that a reduction in the size of the legislature should be accompanied by a reduction in the size of the executive. This marks progress from the position set out in the Government’s initial response to our report. The Deputy Prime Minister told the House on 11 October 2011 that the reduction in the size of the House of Commons would not happen until the end of the present Parliament in 2015, but that action was planned:

We have four years until 2015. We will reflect on this and we will act.¹

PASC's argument for a reduction in numbers was based on the principle that Ministers are doing too much unnecessary work already and that Ministerial responsibilities ought to be more thoroughly reviewed. We consider that the proportion of ministers and Ministerial aides in the present House is already too large. It is for this reason that we pressed for the review of Ministerial numbers by the mid-point of this Parliament.

¹ HC Deb, 11 October 2011, column 169

Appendix 1: Government Responses to the Committee's Eleventh, Thirteenth and Fifteenth Reports of Session 2010-12

The Government welcomes the Committee's reports on Change in Government: the agenda for leadership and Good Governance and Civil Service Reform: 'End of Term' report on Whitehall plans for structural reform; a full response is set out below.

As requested in the Committee's further report on Smaller Government: What do Ministers do? the Government is also taking this opportunity to provide a response to the two recommendations the Committee made in that report. The Government agrees with the Committee that decentralisation, improved service delivery and the reduction in the number of MPs, amongst other initiatives, provide an opportunity to consider the number of the Ministers and their role. As the Committee acknowledges, the Government has already made an important contribution to this agenda by agreeing a five per cent reduction in pay for all Ministers and the reform of Ministerial pensions.

Civil Service reform: aims, leadership and planning

(HC 901 recommendation 2)

We are concerned that the Centre of Government is not providing strategic leadership and a governance framework to departments in managing their change programmes. This will be necessary to share best practice and ensure that structural reforms are implemented successfully across the whole of Government.

(HC 714 recommendations 1, 3, 5, 6, 9, 10, 11, 15, 19, 20)

The need for frequent Civil Service reform programmes over the years can be attributed to failure to consider what the Civil Service is for, what it should do and what it can reasonably be expected to deliver. Government needs to articulate a clear view of what it wants from the Civil Service and how it intends to achieve it. This must be articulated with greater clarity in departmental business plans. The Civil Service should be more rigorous in demanding this clarity from Government.

Cross-departmental working remains a weakness for the Civil Service. We expect to consider the role of the Head of the Civil Service in this respect in the course of a future Inquiry.

The Civil Service inspires much admiration and loyalty from ministers, most of whom take full responsibility for the conduct of their departments rather than blaming officials for departmental failings. However, despite successive programmes of reform and some undoubted and successful change and modernisations of the Civil Service, Ministers remain dissatisfied with and disconnected from the outcomes. There is a wealth of evidence in Whitehall that, despite the attempts of Ministers and senior civil servants, departments lack expertise and specialist knowledge and the confidence to

make decisions and implement them quickly. Departmental silos remain a constant concern, along with a risk-averse culture and bureaucratic inertia. The Civil Service 'establishment' remains complacent about this.

Ministers want, and the public interest demands, a more innovative and entrepreneurial Civil Service which fosters and retains expertise aligned to the policy or major project lifetime and can work across departmental boundaries to address cross-cutting issues. Numerous Civil Service reform initiatives have so far failed to deliver these outcomes on a consistent basis. Our chief concern is that the latest efforts to reform Whitehall will fail unless these concerns are comprehensively addressed.

The Civil Service has prided itself on reform through gradual change, building on past initiatives and adjusting to the priorities of each new government. We recognise that this is particularly challenging at a time of both an increase in requirements and a reduction in staff. We consider that incremental improvements of this sort will not be sufficient to meet the scale of change implied by both the decentralisation agenda and the structural impact of a reduction by one-third of the administration budget of Whitehall. This will require considerable structural organisational reform of the Civil Service.

The Open Public Services White Paper offers only the most minimal recognition that the decentralisation agenda inevitably has a consequential and fundamental impact on the Civil Service. It does not contain detail on the "aspects of Civil Service reform" promised by Ian Watmore in his evidence to us in March 2011. Moreover, its commitment to consult on the future shape of the policy, funding and regulatory functions in Whitehall suggests a lack of urgency in Government which is without a coherent change agenda or set of steps that would constitute a comprehensive plan. In short, the Government has not got a change programme: Ministers just want change to happen: but without a plan, change will be defeated by inertia.

The Government has embarked on a course of reform which has fundamental implications for the future of the Civil Service, but the Government's approach lacks leadership. The Minister rejected the need for a central reform plan, preferring "doing stuff" instead. We have no faith in such an approach. All the evidence makes clear that a coordinated change programme, including what a clear set of objectives will look like, is necessary to achieve the Government's objectives for the Civil Service. The Government's change agenda will fail without such a plan. We recommend that, as part of the consultation exercise it has promised about the future role of Whitehall, the Government should produce a comprehensive change programme articulating clearly what it believes the Civil Service is for, how it must change and with a timetable of clear milestones.

We agree that the leadership for a transformation programme has to come from the top of each department, particularly in such challenging circumstances. However, we are concerned that it has not proved possible to recruit a Director General to drive reform from the centre of Whitehall. This may suggest a lack of commitment to fundamental restructuring at senior official level.

There is a clear danger of uncoordinated change programmes within departments and across government. It is essential that the Cabinet Office take leadership of the reforms and coordinate the efforts in individual departments and across Whitehall as a whole.

Making organisational structures work requires the highest level of engagement amongst the top managers of the Civil Service. If the UK is to have a world class government, we consider that a world class centre for the operation of government is required, fully engaged with each delivery department and providing value that uniquely addresses the challenges that they face. This ought to deliver a shared clarity on purpose and contribution, rather than limiting individuals to their specific job titles and responsibilities. This engagement requires the establishment of a change programme involving the top management of all departments, including the centre of Government, which will identify the barriers to progress.

The Civil Service's role is to support the Government of the day in developing and implementing policy, and in delivering public services. The exact balance between policy and delivery roles will be different in each Department; however, this Government has set a clear policy direction that service delivery should be decentralised where practical (see below section 4).

The Minister for the Cabinet Office has set out a clear vision (in his speech to Civil Service Live in July this year, and to the Top 200 in November) for how the Civil Service needs to adapt in order to deliver that Programme for Government:

- The central Whitehall Civil Service should be much smaller.
- The Civil Service should be flatter and less hierarchical.
- More integrated and fluid, so that people can move around more easily within the service.
- A different culture: pacier, less paper-driven, less imprisoned by process; more entrepreneurial and innovative, less risk-averse.
- Equal status for civil servants who come through the operational delivery, management, financial and commercial streams. Professional and commercial streams strengthened.
- A massive upgrading in project, programme and contract management skills.
- More rigorous performance management.

This is a very challenging agenda. But the Cabinet Office has already made real progress in fulfilling the vision. For example:

- **Smaller:** the Civil Service is now at its smallest since the Second World War, following the recruitment freeze put in place in May 2010, saving some £300 million in pay bill costs.
- **More entrepreneurial and innovative:** ERG saved over £3.75 billion between May 2010 and March 2011 through smarter, more efficient and more commercial

approaches. We will carry on finding newer, better ways to do things, delivering better services and saving taxpayers' money.

- **Upgrading in project and programme management skills:** we will launch the Major Projects Leadership Academy in early 2012 to build world-class project leadership skills within Government. The Academy will create a new cadre of experts, providing them with an ongoing support network and elevating the status of project leadership within Government.
- **Better performance management:** we have recently reformed the performance management process for our senior leaders, requiring them to set stronger objectives and holding them more closely to account for delivery of those objectives.

The Government believes that the leadership of the Civil Service, and of reform, must remain a collective endeavour. As Secretaries of State are ultimately responsible for the performance of their Departments, so their Permanent Secretaries have responsibility for developing and leading change management programmes in their Departments, and are best placed to work with their Boards and senior leadership teams to lead and manage change, including engaging with staff. Each Department has agreed a Structural Reform Plan with the centre and publishes progress on the Number 10 website each month.

The Government agrees with the Committee that taking an increasingly corporate, cross-departmental approach to change will help the Civil Service to tackle change more effectively. We will publish an outline programme, setting out priority areas for cross-Civil Service reform, in spring 2012. The new Head of the Civil Service, Sir Bob Kerslake, will play a key role in developing and leading that programme in response to the Minister's vision (above), working collectively with Permanent Secretaries and building up the corporate identity of the Civil Service.

We will appoint a Director-General in the Cabinet Office on Civil Service Reform in the New Year.

Governance Reforms

(HC 714 recommendation 14)

It is not clear to us how the introduction of lead non-executive directors and changes to the role of departmental boards will affect the management arrangements in departments. We intend to conduct an inquiry into this question. We recommend that the Government conduct an evaluation of how these changes have improved the management of departments, with particular regard to the supervisory and advisory aspects of their remit, and to what extent, if any, the new boards have affected the accountability relationship between the Secretary of State and the Permanent Secretary. In setting out the transformation programmes going on throughout departments, the Government should also set out each board's role in it and whether such programmes are consistent across departments and in keeping with good practice.

The Government accepts the recommendation that the impacts of governance reforms should be evaluated, and welcomes a PASC inquiry into how the introduction of the Boards' impacts on management arrangements.

Following the work of the PAC in its March 2011 report "Accountability for public money", the Government Corporate Governance Code provides that the introduction of Enhanced Departmental Boards does not affect the Parliamentary accountability of Accounting Officers and Ministers.

The Government Corporate Governance Code also requires all Boards to conduct a formal and rigorous annual evaluation of their performance. Cabinet Office will provide guidance enabling Boards to conduct their evaluations from the New Year. The appointments of Lead Non-Executives have been taking place since the reforms were introduced, with the final appointments having been made in the summer 2011. The timing of evaluation will take account of this.

In addition, Lord Browne is conducting an ongoing evaluation of progress, and will provide a report to Parliament.

Change management

(HC 714 recommendations 12 and 13)

Successful reforms have key factors in common. We recommend that the Government should set out how it is sharing good practice from previous transformation programmes, in Whitehall and beyond, and ensuring that such lessons are applied.

This Inquiry has helped us to identify six main principles of good governance and change management, summarised as leadership, performance, accountability transparency, coherence, and engagement. We will draw on these principles as the basis for our scrutiny work of the Civil Service during the course of this Parliament.

The Government accepts the Committee's recommendation to set out how it is sharing good practice from previous transformation programmes, in Whitehall and beyond. Cabinet Office will publish a best practice review in the first half of 2012.

The Government welcomes the Committee's identification of six main principles of good governance and change management (leadership, performance, accountability transparency, coherence, and engagement), and accepts that these will be used as the basis for scrutiny of Civil Service reform.

Accountability, outsourcing, decentralisation and the Big Society

(HC714 recommendation 2, 7, 17)

We welcome the steps taken by the Civil Service to develop and bring in IT specialists, though such initiatives in themselves will not address the more specific concerns about performance in this field raised with us by former ministers. The Civil Service must build up specialist expertise in outsourcing contract management and procurement.

Whitehall has traditionally performed three core roles: policy advice, the management of public services, and the supervision of public bodies. If the Civil Service is to connect with Ministers' ambitions for public service reform a fourth capability will need to be added to this trio: the ability to engage with groups from the voluntary and private sectors through the contracting and commissioning process. Every government department must focus on developing this fourth capability, and the Cabinet Office must ensure that this is embedded in the Civil Service change programme across government.

The convention of ministerial accountability and the Whitehall departmental structures derived from the Haldane Report at the beginning of the last century have, on the whole, stood the test of time. However, in light of the radical devolution of power and functions proposed by the Government, it is timely to consider the development of a new Haldane model to codify the changing accountabilities and organisation of Government. We invite the Government in their response to this report to explain how they will take forward this work or how the existing model remains relevant in these changed circumstances.

Moving to Open Public Services will have significant implications for the future role of both central and local government. The White Paper acknowledges that central government will, over time, increase focus on several key roles. This includes being an excellent commissioner of public services, increasingly commissioning on the basis of outcomes. It also includes a clear role in market shaping and development, such as: identifying areas of market failure which disadvantage particular groups and require state intervention, removing barriers to entry and ensuring a level playing field where elected politicians have decided to open up public services.

The Government recognises that far more expertise in commissioning, commercial awareness, procurement and contract management will be needed, both in the Civil Service and in the wider public sector. That means up-skilling individuals who already work in these areas but also spreading those skills to a much wider group of staff. The Cabinet Office has already made a clear commitment to improving the capability of civil servants and public sector officials in this respect. For civil servants, we will mandate that all civil servants responsible for major procurements are trained in Lean sourcing techniques and we are working to establish a virtual commissioning and procurement academy.

Within the Efficiency and Reform Group of the Cabinet Office, the development of staff is seen as critical and there are specialist development streams to support both Commercial skills and Procurement and Contract Management capabilities. These are focussed on improving officials' abilities and experience across all areas of contracting and delivery, including outsourcing and contract management. The intention is to create both deeper and richer specialist skills as well as spreading a core level of understanding to all staff.

We have also made significant progress in simplifying and streamline the procurement process to enable a level playing field for Small and Medium Sized Enterprises, through, for example, more use of open procurement, reducing the use of Pre Qualification Questionnaires for procurements under £100,000 (now eliminated in 15 out of 17

departments) and launching the Government Dynamic Marketplace so that SMEs can easily find out about business opportunities in Government under £100,000.

The Government's view on accountability is clear. Accountability for public services can be through a number of routes. What is important is that decision makers are clearly held to account. For decisions taken in Whitehall, and the operational decisions taken by agencies of Departments of State, it is for Ministers to account to Parliament for their decisions and actions, and the decisions and actions of their Departments (including decisions on whether and how to contract out services to external suppliers). The Government gives detailed consideration to whether Ministerial accountability is the right route when policies are being developed or services are being reviewed – further examples are set out in section 9 below. In this regard the Committee needs to consider the statutory position of civil servants whose accountability is to Ministers who in turn are accountable to Parliament, except in a limited number of cases such as the personal accountability of Accounting Officers for the use of public resources, and support the Government of the day in developing and implementing its policies and in delivering public services.

The Permanent Secretary of the Department for Communities and Local Government's report to the Public Accounts Committee *Accountability: Adapting to Decentralisation*

(<http://www.communities.gov.uk/documents/localgovernment/pdf/1994187.pdf>)

examined these issues in relation to the role of Accounting Officers, and stressed the importance of ensuring there are robust systems of local accountability in place where departments are devolving money to local bodies. Strengthening local accountability for public services has been a central thrust across the Government's public sector reform agenda, see for instance the introduction of directly elected Police and Crime Commissioners, reflecting the fifth principle in the Open Public Services White Paper that public services, "must be responsive to the people they serve - held to account by citizens and their elected representatives".

Continuity

(HC 714 recommendation 4)

We recommend that after any change of its Secretary of State, the Permanent Secretary of a Department should ideally remain in post for a minimum period of 12 months to maintain corporate memory and an in-depth knowledge of the workings of the Department. The Civil Service should also plan for much greater continuity among its senior contract and project managers.

We recognise the need to support effective transition within departments after a change of Secretary of State. We do not believe that prescription of tenure after such a change is the means to do this. It is important to ensure continuity through transition whenever possible and we seek to put in place arrangements to deliver this, recognising the need to balance a requirement for continuity within an organization with wider workforce and succession plans. Local agreements between the Permanent Secretary and Secretary of State are key and have previously resulted in some Permanent Secretaries delaying retirement to provide support to new Ministers.

The Civil Service reviews how it should meet current and future workforce challenges, placing due emphasis on developing core and professional skills, growing its own talent and going to the external market to supplement the existing cadre.

Civil Service Skills

(HC 714 recommendations 8 and 16)

Voluntary redundancy programmes are being carried out in some departments without a thorough assessment of required roles and functions. We recommend that the Cabinet Office monitors individual departmental change programmes to ensure that redundancy programmes are conducted in accordance with departments' requirements to retain and develop the key skills required to maintain the core commitments and long-term performance of each department.

To achieve the aims of decentralisation and the Big Society, the Civil Service will be required to undertake very different roles, necessitating skills in contracts and commissioning, procurement and market design. The Government's approach to addressing the skills shortage and ensuring that Whitehall is equipped for the new reality it faces falls short of what is urgently required. We hear that spending reductions are leading to the loss of key skills required for change in Whitehall. In the light of the closure of the National School for Government, we recommend that the Government swiftly sets out how these new skills will be retained and developed.

Departments are responsible for planning their future workforce needs and delivering workforce reduction plans, including ensuring that they retain the key skills which are critical for delivery of their business. We have no plans to impose central direction from the Cabinet Office in this area.

For the most senior Civil Service leaders, a new talent management strategy was agreed in summer to ensure that the Civil Service is able to attract, develop and retain the highest calibre leaders who can deliver cost efficient, high quality, and innovative public services.

Government introduced a new model for skills development in the Civil Service in April 2011 to respond to the changing requirements of departments and provide a more cost effective, consistent curriculum of learning for all staff. The new organisation, Civil Service Learning is now developing a Learning and Skills Strategy for the Civil Service which will take full account of the type of future skills requirements indicated in the PASC report, underpinned by a refreshed Professional Skills for Government competency framework. New generic learning products are being developed already in areas like commercial skills and project management and, by April 2012, there will exist a foundation of cost effective, quality learning solutions covering all key skills priorities. Civil Service Learning is also supporting the Civil Service professions as they review their curricula to provide the more specialised, in-depth skills that will be needed to undertake the roles and challenges ahead.

Transparency

(HC 714, recommendation 18)

We welcome the Government's commitment to open government through greater transparency and we share the belief that this will lead to better, more accountable government. However, while transparency is necessary it is not sufficient. We look to the Government to explain how the public in general, and the 'user community' of statistics in particular will be empowered to use newly published information. 'Data dumping' does not on its own constitute transparency and good governance. We recommend that the UK Statistics Authority should take a proactive role in ensuring that data released is intelligible, objectively interpreted and in a readily accessible format.

In the consultation document on Making Open Data Real, Cabinet Office has invited views on how Government might encourage effective and innovative use of data. In the Open Data consultation document, we also acknowledged that "statisticians in the Government Statistical Service (GSS) will play an important role in the delivery of the Open Data agenda. There are obviously close links between official statistics and Open Data with many issues in common. The GSS has done much to ensure a consistent application of standards across departments on which we can build further. Over the coming months, we will explore with the GSS how to ensure coherence in implementation between the Transparency agenda and the Code of Practice for Official Statistics which guides the quality of the statistics they produce". We plan to consider these areas in more detail in the light of consultation responses, and will set out a proposal for the way forward on both issues in a White Paper to follow in early 2012.

Staff engagement

(HC 714, recommendation 21)

For Whitehall to change to achieve the Government's objectives, civil servants of all grades must be engaged with the process of reform. Attempts to empower lower levels of management without engagement will fail. This is the means by which human potential will be maximised: but, in all but one department, there is little compelling evidence to suggest that all are wholly engaged at present. The Government should continue to use opportunities such as the Civil Service staff survey to gauge support for their reforms among staff, and act on the findings, to ensure that good change management practice is replicated across Whitehall.

The Government agrees with the Committee that staff engagement is critical to reform, and welcomes the Committee's support for the Civil Service People Survey.

The Civil Service People Survey is a key tool that allows us to measure the levels of engagement within Civil Service Departments and Agencies, as well as exploring the factors which influence engagement, to hold managers and leaders to account. The past three years have shown that overall levels of engagement in the Civil Service are low, and we are committed to tackling this. Engaging staff with their work and the objectives of the organisation is a critical function of leaders' and managers' responsibilities.

The data allows us to identify areas of good practice, both in terms of organizations that are high performers or strong improvers and similarly, within organizations, high performing and improving teams. Across the Civil Service we have put in place mechanisms to share this information on best practice and approaches that have led to improved levels of engagement. This involves the sharing of best practice guidance and the development of case studies of organizational experiences. For example, the Department for Transport saw significant rises in their objectives and purpose scores in 2011, reflecting the strong promotion these have been given in the Department including via Permanent Secretary “floor-walks”; a series of “Better Performance” workshops encouraging people to look at how their work fits with the bigger picture; and a staff briefing by the Secretary of State in May which helped staff to understand the Department’s future direction.

Ministerial responsibility

(HC 1540, paragraph 9)

We expect the Government, in its response to our report on Change in Government: the agenda for leadership, to demonstrate that it has given greater consideration to the questions of Ministerial responsibility raised by its programme for change in the public services than it appears to have done in the response we consider here.

As the response to Change in Government outlines, the Government has given detailed consideration to questions of how Ministerial responsibility work in a reformed public service. This includes where services have been contracted out by central Government to an external provider, who will be responsible for delivery of the service, but ultimately Ministers are accountable to Parliament for their decisions and actions, for example on creating and managing the contract (and potentially sourcing backup services if contractors fail to meet their obligation). An example of the detailed consideration given to how accountability should work is the public bodies reform programme, which is explained in more detail below.

One of the key issues to be considered when establishing or reviewing an NDPB is the need to secure appropriate accountability for the delivery of public functions. This means that where a function does not need to be undertaken at arm’s length Ministers should be clearly and directly accountable to Parliament for the strategic direction of such functions. For example, the proposed abolition of the Child Maintenance and Enforcement Commission (CMEC) as a separate NDPB brings responsibility and accountability for child maintenance into the Department for Work and Pensions under direct Ministerial control. Ministers believe that they should be directly accountable for the reforms set out in DWP’s Green Paper, *Strengthening families, promoting parental responsibility: the future of child maintenance*. CMEC did not meet any of the Cabinet Office’s three tests (performing a technical function, requiring political impartiality, or acting independently to establish facts) and so the Government concluded that its functions did not need to be carried out by a non-departmental public body, independent from Government.

Conversely, where a function needs to be delivered at arm’s length from central Government, the key considerations are the most appropriate delivery model to maximise efficiency and effectiveness, and how to promote the role of citizens in the management and delivery of services. An intrinsic part of this process is securing proper accountability

for the delivery of that function. For example, Local Enterprise Partnerships (LEPs) are replacing the Regional Development Agencies and will be responsible for the important public function of generating local economic growth. LEPs will see business and civil leaders working together to drive local growth and they will be accountable directly to the communities and businesses who are located within their area and who are affected by their decisions.

Ministerial numbers

(HC 1540, paragraph 11)

We maintain our recommendation to the Government to undertake a specific, fresh review of Ministerial numbers by the mid-point of the present Parliament. Only through undertaking such a review can the Government genuinely claim to be reshaping the role of government at all levels.

As the Committee acknowledges, unnecessary reshuffles are detrimental to Ministerial effectiveness and the Prime Minister has led by example on this issue. The Government is committed to keeping the number of Ministers under review and for this reason does not think there is a need to commit to a particular timetable. As the Deputy Prime Minister told the House of Commons on 11 October 2011 the Government recognises the principle that there is a link between the size of the legislature and the Executive. As any reduction in the number of MPs will not take place until 2015, the case for urgency has not been made.

Appendix 2: Response from the UK Statistics Authority to the Committee's Thirteenth Report of Session 2010-12

Letter from Sir Michael Scholar to Mr Bernard Jenkin MP dated 3 November 2011

Thank you for your letter of 12 October in which you draw attention to Paragraph 97 of the report. In that paragraph the Committee looks to the Government to explain how the public in general, and the user community of statistics in particular, will be empowered to use newly published information. The Committee also recommends that the Statistics Authority should take a proactive role in ensuring that data released is intelligible, objectively interpreted and in a readily accessible format.

The Statistics Authority warmly welcomes both these points. To use statistics properly and effectively, people need clear guidance on the strengths and weaknesses of the statistics in relation to the uses to which they might be put. There is, for example, a real difference between using crime statistics to manage police resources and using those statistics to make judgements about the personal risk of victimisation. I have written to the Minister for the Cabinet Office, as enclosed, confirming the Statistics Authority's full support for the Government's Open Data policy but arguing that the publication of data is not on its own enough; the user needs sound professional advice on how to interpret the data as well.

There have been suggestions that such advice can be provided by third parties, much as applications for mobile phones are now provided by entrepreneurial individuals and companies. We would aim to support developments of that kind but are clear that those third parties will themselves first need to understand the strengths and weaknesses, and the relevance and reliability, of the statistical data. And it is not clear to us that such third parties will necessarily be motivated by the requirement for objective interpretation and advice. So we see no alternative to government statisticians both continuing, and enhancing, their role in providing objective and impartial comment and guidance. The Statistics Authority is currently conducting a review of all statistical publications produced in government to address how best this might be approached for the future. We hope that the Cabinet Office's report on the current consultation on Open Data will recognise the importance of the work of government statisticians in this regard.

In relation to the Committee's specific recommendation about the role of the Statistics Authority, we have always accepted that we must be proactive on this matter. Many of the 150 formal assessment reports we have so far published contain binding requirements to improve both the accessibility of the official statistics concerned and the quality of the written text that accompanies their release. We have also published a number of statements about the standards we expect statistical releases to meet and the value of statistical commentary. This work is all under-pinned by the requirements of the Code of Practice for Official Statistics compliance with which – in respect of designated National Statistics – is a statutory requirement. The Code contains several requirements relating to the need to offer sound explanation alongside the figures themselves.

Whilst the Authority will do all it can in this regard, individual government departments and agencies have the final decision in terms of what they publish. We cannot oblige them to commit expert resources to the preparation of professionally sound advice and guidance, beyond the very specific requirements of the Code of Practice. Currently the picture is mixed. Some statistical releases contain clear and helpful text and, in these cases, our goal is to help the producer body to ensure this text is easy to find, both in standard statistical releases and on websites where data are released in more wholesale formats. In other cases, the written advice at present falls short of doing full justice to the information content of the statistics. Here our goal is to support the National Statistician in offering the producer organisation help and guidance.

As Chair of the Statistics Authority, I am also taking every opportunity, such as in the enclosed letter to the Chair of the Work and Pensions Committee, to stress the value of good statistical commentary in enabling people more easily to challenge inaccurate statistical stories in the news media. This can be difficult to do if there is no authoritative interpretation available. The Authority will report further on these matters, to the Committee and to other Parliamentary committees, as necessary.

I am copying this letter to the Minister for the Cabinet Office and to Jil Matheson, the National Statistician.

Letter from Sir Michael Scholar to Rt Hon Francis Maude MP dated 11 October 2011

MAKING OPEN DATA REAL: GOVERNMENT CONSULTATION

I am responding to the current Cabinet Office consultation on this topic.

As you know, the UK Statistics Authority is very supportive of the Government's Open Data policy. We fully support your commitment to open government through greater transparency.

The Authority undertakes to investigate and to report publicly upon cases where data held for statistical purposes should be, and is not, as the Code of Practice for Official Statistics requires them to be, placed in the public domain for analysis and re-use. The Code requires that statistics be made available 'in as much detail as is reliable and practicable, subject to legal and confidentiality constraints', constraints which protect inter alia against the disclosure of personal information as proscribed by legislation. Normally we expect all data underlying official statistics to be published where this is practicable and does not put confidentiality at risk. Judgements about utility and reliability are, in our view, best largely left to users, as long as they are fully informed of the strengths and weaknesses of the data, which is another requirement of the Code of Practice.

We are at the same time fully supportive of the view expressed by the Public Administration Select Committee, that transparency is not always or necessarily achieved merely by the publication of data. 'Data dumping' can be inimical to transparency and good government. It is the task of government statisticians, and a requirement of the Code of Practice, to produce official statistics which are intelligible, readily accessible, with objective and impartial commentary. The Statistics Authority will do all it can to ensure

that official statistics meet the highest standards in these and other dimensions.

There is also an important question about the relationship between the timing of the publication of official statistics and that of the data on which they are based. Ideally both should be published at the same time, and that may in some cases mean the bringing forward of publication dates of official statistics, where possible without unacceptable detriment to the quality of the statistics. However, where the statistics are drawn from administrative sources it may well be appropriate to release the administrative records and some related summary material earlier where this does not compromise the release of the official statistics. This will be a matter for the judgement of those responsible for the statistics concerned. If early release were to lead to a situation in which selective and misleading statistical summaries were being created by, for example, Ministers, their advisers, or third parties, ahead of the official statistics, we (and no doubt the issuing Department) would be concerned, and we would investigate and report according to the circumstances.

Paragraph 8.11 of the consultation document commits the Cabinet Office to explore with the National Statistician how to ensure coherence in implementation between the Government's agenda and the Code of Practice for Official Statistics. We welcome this, and look forward to a discussion of the issues I have raised above, and of any other relevant questions, with your officials.

I am copying this letter to Bernard Jenkin, Chair of the Public Administration Select Committee, Sir Gus O'Donnell, the Cabinet Secretary, and to Jil Matheson, the National Statistician.

Letter from Sir Michael Scholar to Dame Anne Begg DBE MP dated 11 August 2011

STATISTICS ON EMPLOYMENT AND SUPPORT ALLOWANCE

I am writing to you in relation to the concerns expressed by the Work and Pensions Committee about the reporting of statistics on Employment and Support Allowance and the need for good statistical commentary to accompany such figures. The Statistics Authority strongly supports the need for clear advice to accompany official statistics, particularly where they are the focus of public debate.

In your report, *The role of incapacity benefit reassessment in helping claimants into work*, you express concern at the way in which releases of official statistics on the subject were covered in the news media. Your report says that '...more care is needed in the way...in which [Government] releases and provides its commentary on official statistics on the IB [Incapacity Benefit] reassessment.' And 'the Government should take ...all possible steps to ensure that context is provided when information about IB claimants found fit for work is released, so that unhelpful and inaccurate stories can be shown to have no basis'. You also stressed these points in your letter of 27 July to the Minister of State for Work and Pensions.

In the light of these concerns, the Statistics Authority has reviewed the statistical release in question, *Employment and Support Allowance: Work Capability Assessment by Health*

Condition and Functional Impairment and concluded that it could be improved in a number of respects. We will be offering specific advice on this to the statisticians at the Department for Work and Pensions. The presentation of statistical releases is the responsibility of departmental statisticians, not their Ministers.

As it stands, the statistical release is not as clear as it could be. We note for example that it may not be obvious to the non-expert that figures for the category 'Work Related Activity Group' have to be added to those for 'Support Group' to get the proportion initially judged entitled to benefits; or that because the proportion initially judged 'Fit to Work' is reduced following appeals, the proportion eventually judged to be eligible for benefits is higher than it first appears. We would also like to see more distinction between the assessment of new claims and the re-assessment of existing claims; and some information on trends in the statistics over time. Some improvements on these lines would help all users of the statistical release, especially journalists, to better understand the figures.

We share the view expressed in your report that good statistical commentary not only helps people to understand and use the statistics, it allows inaccurate stories to be shown to have no basis. The Authority considers that this is a very important message for all government departments and agencies. The public can much more easily challenge inaccurate reporting, and inaccurate statements made in the political fray, if the official statistics concerned are accompanied by objective and helpful commentary. It is, regrettably, sometimes argued that if the statistics are controversial, it is best for statisticians to avoid risk and to maintain a low profile, by offering minimal comment and commentary. We wholly disagree with this view and we are supporting the National Statistician's project to improve official statistical commentary across the board.

The Statistics Authority also warmly welcomed the guidance issued by the Cabinet Office to all Departments in 2009, and recently reiterated, that the presentation of official statistics in Ministerial and policy statements should always be informed by professional statistical advice. We also think it most important that there should be no confusion between the statistical messages in official statistics publications and the comments of Ministers on those statistics.

We note that the present statistical release is not currently designated as 'National Statistics', and there is therefore no statutory obligation to comply with the Code of Practice for Official Statistics. The *Statistics and Registration Service Act 2007* contains provisions that allow the Authority to propose to Ministers that statistics that are not currently designated as National Statistics should nonetheless be formally assessed against the Code. The Code contains a number of relevant requirements, including one to 'prepare...commentary and analysis that aid interpretation, and provide factual information about the policy or operational context of official statistics'; and also to 'provide information on the quality and reliability of statistics in relation to the range of potential uses'.

In view of the importance of these statistics to both government policy and public debate, I am writing to the Secretary of State for Work and Pensions, in accordance with section 16 of the Act to notify him of our view that these statistics should be assessed against the Code of Practice under the terms of the legislation.

The Statistics Authority reports to the Public Administration Select Committee. The Committee has made clear its support for independent scrutiny of official statistics wherever they are produced in government, and for high standards in the use of those statistics in political debate. I am copying this letter to Bernard Jenkin MP, Chair of the Public Administration Select Committee, and to Rt. Hon. Chris Grayling MP, Minister of State at the Department for Work and Pensions.

Formal Minutes

Wednesday 11 January 2012

Members present:

Mr Bernard Jenkin, in the Chair

Alun Cairns
Charlie Elphicke
Paul Flynn
Robert Halfon

David Heyes
Kelvin Hopkins
Priti Patel

Draft Report (*Change in Government: the agenda for leadership: Further Report, with the Government Responses to the Committee's Eleventh, Thirteenth and Fifteenth Reports of Session 2010-12*), proposed by the Chair, brought up and read.

Ordered, That the draft Report be read a second time, paragraph by paragraph.

Paragraphs 1 to 9 read and agreed to.

Papers were appended to the Report as Appendices 1 and 2.

Resolved, That the Report be the Eighteenth Report of the Committee to the House.

Ordered, That the Chair make the Report to the House.

[Adjourned till Tuesday 17 January at 10.00 am]

List of Reports from the Committee during the current Parliament

The reference number of the Government's response to each Report is printed in brackets after the HC printing number.

Session 2010–12

| | | |
|----------------------|-------------------------------------------------------------------------------------------------------------------------------|------------------|
| First Report | Who does UK National Strategy? | HC 435 (HC 713) |
| Second Report | Government Responses to the Committee's Eighth and Ninth reports of Session 2009-10 | HC 150 |
| Third Report | Equitable Life | HC 485 (Cm 7960) |
| Fourth Report | Pre-appointment hearing for the dual post of First Civil Service Commissioner and Commissioner for Public Appointments | HC 601 |
| Fifth Report | Smaller Government: Shrinking the Quango State | HC 537 (Cm 8044) |
| Sixth Report | Who Does UK National Strategy? Further Report with the Government Response to the Committee's First Report of Session 2010-11 | HC 713 |
| Seventh Report | Smaller Government: What do Ministers do? | HC 530 |
| Eighth Report | Cabinet Manual | HC 900 (Cm 8213) |
| First Special Report | Cabinet Manual: Government Interim Response to the Committee's Eighth Report of Session 2010-12 | HC 1127 |
| Ninth Report | Pre-appointment hearing for the post of Parliamentary and Health Service Ombudsman | HC 1220-I |
| Tenth Report | Remuneration of the Parliamentary and Health Service Ombudsman | HC 1350 |
| Eleventh Report | Good Governance and Civil Service Reform: 'End of Term' report on Whitehall plans for structural reform | HC 901 |
| Twelfth Report | Government and IT — "a recipe for rip-offs": time for a new approach | HC 715-I |
| Thirteenth Report | Change in Government: the agenda for leadership | HC 714 |
| Fourteenth Report | Public Appointments: regulation, recruitment and pay | HC 1389 |
| Fifteenth Report | Smaller Government: What do Ministers do? Further Report | HC 1540 |
| Sixteenth Report | Appointment of the Chair of the UK Statistics Authority | HC 910 |
| Seventeenth Report | The Big Society | HC 902 |