

Whitehall Monitor 2017

The civil service as it faces Brexit



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Foreword

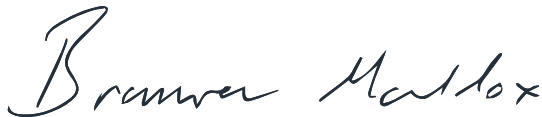
I am delighted to introduce *Whitehall Monitor 2017*, the Institute for Government's flagship report on the size, shape and performance of UK government in 2017.

This year's annual report – our fourth – uses government data to provide an unparalleled examination of Whitehall as it faces its biggest challenge in decades: Brexit.

Two other themes also run through our analysis: how well Whitehall is performing, and government's openness in its use of data. We look at the political leadership of Whitehall, the staff and money available to departmental leaders, and what they do with those resources, from legislation to major projects.

Government transparency over the past few years allows us to compile this report. It is essential for accountability that everyone uses this kind of data, whether government departments better understanding how they operate, or Parliament and public scrutinising how government is performing. In both cases, the aim is the same: government that works better and is as transparent, effective and accountable as it can be.

In February we are launching our *Performance Tracker* report, which will shine a spotlight on key public services. Our aim is that the data and analysis of these publications will provide the material for many – not just the Institute – to press for better and more accountable government.



Bronwen Maddox
Director, Institute for Government



Summary

It has been a politically tumultuous year. A new Prime Minister, Theresa May, succeeded David Cameron following the referendum decision to leave the European Union. The civil service has continued with the business of government with fewer staff and less money, and is preparing for the challenges of Brexit.

Theresa May has one of the most challenging inheritances of any prime minister in recent times, and much-changed machinery with which to face it. She has already expressed some frustration with Whitehall, and is expected to be more hands-on in how she runs her Government (she chairs half of all Cabinet committees, where she expects a lot of policy development to take place – Cameron chaired only a third).¹ But what does May's Whitehall look like?

This *Whitehall Monitor* annual report – our fourth – uses government data to visualise and analyse the size, shape and performance of Whitehall. The decisions taken in Whitehall – shorthand for the administrative centre of British government – have a profound impact on what happens to people all over the country. Understanding the way Whitehall works is therefore vital.

Each chapter considers a different subject: political leadership, the civil service workforce, government finances (and how departments control their spending), legislation, major projects, transparency and accounting for performance. (Further analysis of each of these subjects, and more, can be found on our website, www.instituteforgovernment.org.uk/publication/whitehall-monitor.)

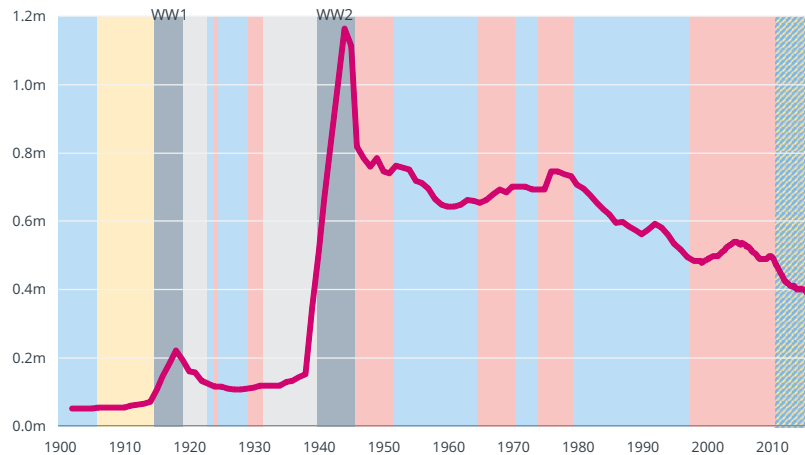
There are three themes running through the whole report: how well Whitehall is performing, its preparations for Brexit, and openness and the use of data.

How Whitehall is performing

The Government is trying to do too much, although it is continuing to function despite reduced staff and budgets. However, it is extremely difficult to measure government performance.

Civil service staff numbers and budgets have been reduced in nearly all departments...

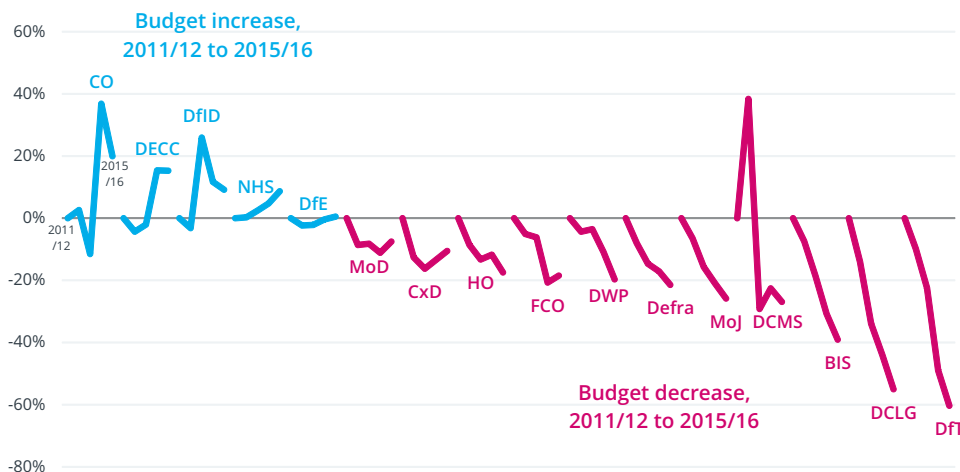
Civil service staff numbers (full time equivalent), 1902 to Sep 2016 – governments and World Wars highlighted



Source: IfG analysis of CO, Civil Service Stats 1902-1990; ONS PSE, 1991-8 annual, 1999-2016 quarterly. Excl Central Govt Security from 1999.

There are now just under 385,000 civil servants working for the Government. This is down almost 19% since the Spending Review in 2010 (when it was just under 475,000) and the smallest number since the Second World War. Only four departments – the Department for International Development (DfID), the now-abolished Department of Energy and Climate Change (DECC), the Cabinet Office (CO) and the Department for Transport (DfT) – grew in terms of staff numbers between 2010 and 2016. Three – the Department for Work and Pensions (DWP), Department for Environment, Food and Rural Affairs (Defra) and Department for Communities and Local Government (DCLG) – had their numbers reduced by more than a third.

Percentage change in Resource DEL budgets by department, 2011/12 to 2015/16

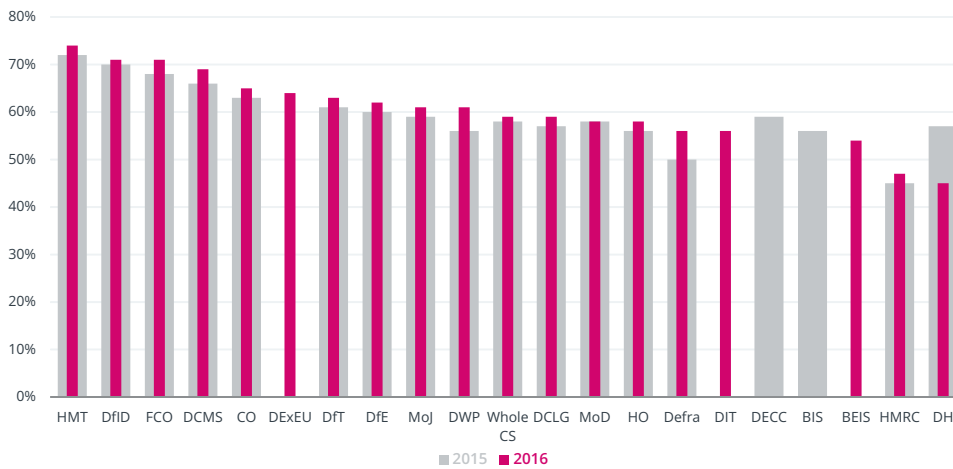


Source: Institute for Government analysis of HMT, Public Expenditure Statistical Analyses 2016, Table 1.5. Figures minus depreciation.

Day-to-day spending budgets have also fallen nearly everywhere. Ring-fencing of international aid, NHS and schools funding means DfID, the Department of Health (DH) and Department for Education (DfE) were three of only five departments whose budgets increased between 2011/12 and 2015/16; DCLG's dropped by more than 50% and DfT's by more than 60%.

...but Whitehall, at least, seems to be keeping its head above water.

Civil Service Engagement Index – departmental scores, 2015 and 2016



Source: Institute for Government analysis of Cabinet Office, Civil Service People Survey, 2015 and 2016.

It's difficult to measure precisely what impact these reductions have had on Whitehall's performance, but one important proxy is the Civil Service People Survey; employee engagement is an important indicator of organisational health. In 2016, the survey found that employee engagement had increased in nearly every department, falling only at DH (by 12 points, the largest fall ever recorded by a Whitehall department, which may owe something to a recent round of redundancies).²

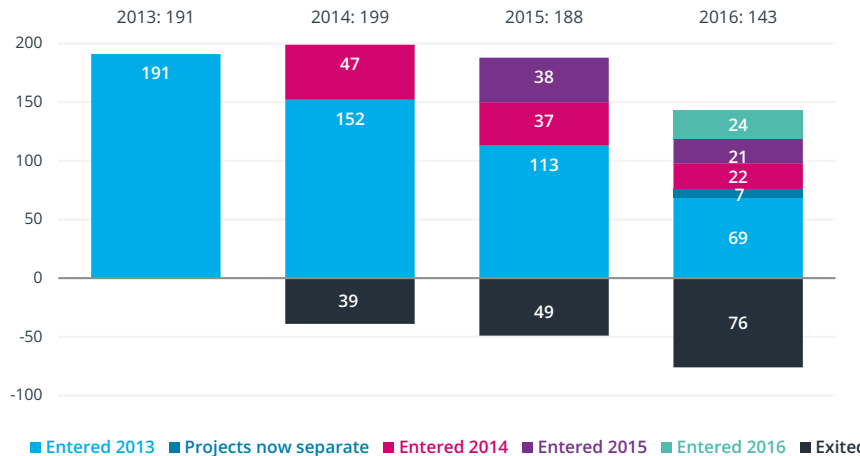
Broadly, one could say that most of Whitehall is performing reasonably well despite big changes in recent years. Departments continue to function. Ministers continue to receive policy advice. Legislation continues to be passed. Major projects continue to be delivered (although with slightly less confidence than in some previous years). Requests for information continue to be answered. The business of Whitehall continues even after reductions to staff numbers, reductions to budgets, and – in some cases – major changes in what departments do and how they do it.

But this may not be the case for some of the public services that departments are ultimately responsible for. How have budget (and staff) reductions at the Ministry of Justice (MoJ), for example, affected how our prison system operates? What effect have budget reductions at DCLG had on the adult social care system managed by local government? Has ring-fencing the NHS budget maintained quality in hospitals? A forthcoming Institute for Government report, *Performance Tracker*, looks at five public services – prisons, adult social care, hospitals, schools and the police – and how they have fared over the past few years.³ All of these services face challenges in the future – and the same can be said of Whitehall departments that continue to be asked to do more with less.

However, the Government is still trying to do too much...

The chief executive of the civil service, John Manzoni, has said that it is 'doing 30% too much to do it all well'.⁴ Even before the result of the EU referendum, the Government was trying to do too much.⁵ Is there any sense of prioritisation?

Size of Government Major Projects Portfolio, 2013-16



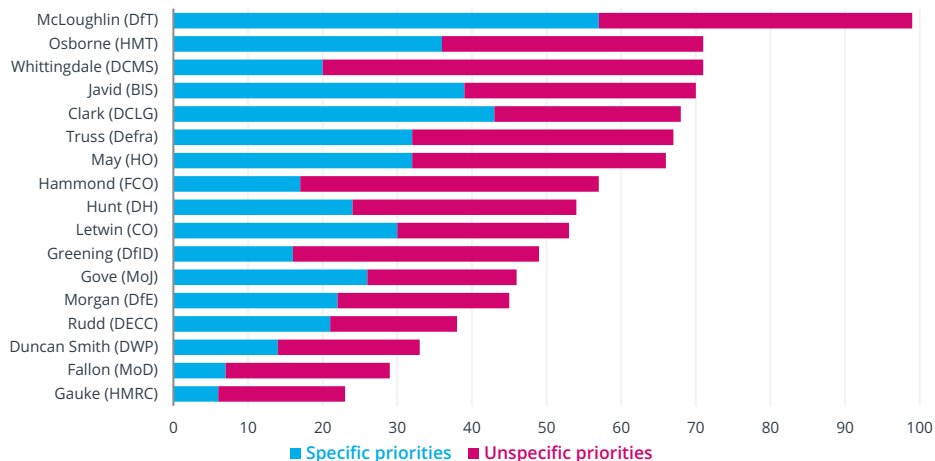
Source: IFG analysis of Infrastructure and Projects Authority annual reports, 2013-16. Data in each report as of previous September.

Although the Government has made welcome progress on reducing the major projects portfolio overseen by the Infrastructure and Projects Authority (IPA), more remains to be done. Crudely, applying a reduction of 30%, as suggested by Manzoni, to the 2015 portfolio would have meant the IPA overseeing 132 projects worth a total of £342bn in 2016; in reality, there are 143 projects worth £405bn. Even these projects represent only part of the Government's workload, with departments overseeing their own major projects and Government having other priorities – everything from social mobility and 'just about managing' families to Heathrow expansion, devolution and public service reform. This remains a challenging to-do list even before considering the impact of Brexit, and of high levels of ministerial turnover – only the Ministry of Defence (MoD) has held on to more than half of its ministers from before the July 2016 reshuffle.⁶

The sense of overload is also borne out by the Single Departmental Plans (SDPs). These were proposed as a 'single, clear roadmap', bringing together 'efficiency, spending round and activity plans', aligning inputs and outputs, and 'making clear the trade-offs and choices' that would allow the civil service to 'prioritise effectively based on a clear understanding of how our resources can best be deployed' with 'no room for "nice to haves"'.⁷

...and has little idea about its own performance.

Priorities identified in Single Departmental Plans, 19th February 2016



Source: Institute for Government analysis of GOV.UK, Single Departmental Plans, as first published on 19th February 2016.

Unfortunately, the first SDPs published in February 2016 gave no sense of priority. Despite the hard work of civil servants in developing them, ministers appeared to have shoehorned as many of their manifesto commitments into the SDPs as possible: Patrick McLoughlin, then at DfT, had close to 100; Theresa May, then at the Home Office (HO), had more than 60. The Institute for Government criticised SDPs as 'little more than a laundry list of nice-to-haves'; the Public Accounts Committee has argued that they 'do not enable taxpayers or Parliament to understand government's plans and how it is performing'.⁸ Only nine departments still in existence appeared to have updated their plans between Brexit and the end of 2016, and no public plans exist for the new Department for Exiting the European Union (DExEU), Department for International Trade (DIT) or Department for Business, Energy and Industrial Strategy (BEIS).

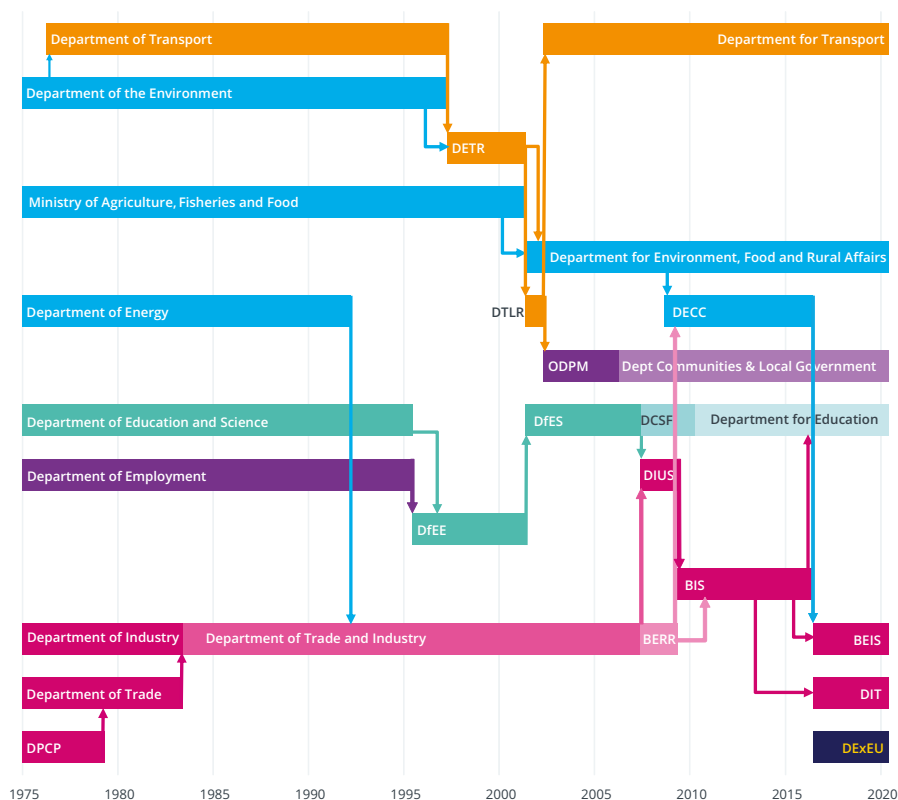
The SDPs show that the way government measures its performance has gone backwards, even from the Coalition's suite of Departmental Business Plans and impact indicators (which, despite early promise, were difficult to use and were consequently neglected).⁹ Without clear, sensible and transparent plans and measures it is impossible for the centre of government, departments themselves, Parliament or the public to understand how well government is doing and hold it to account.

Preparing for Brexit

Creating new departments to manage Brexit proved to be a distraction, but there are some signs that they are beginning to settle in. Some of the departments likely to face the biggest challenges – notably Defra – will do so with much smaller workforces and budgets, and without recent experience of passing a large volume of legislation.

Creating new departments was a distraction, but some are now finding their feet.

Machinery of government changes since 1975, projected to 2020 – selected departments



Source: Institute for Government research, based on IfG/LSE, *Making and Breaking Whitehall Departments*, 2010.

Machinery of government changes – creating new departments, and merging or abolishing old ones – always bring risks, in terms of the time and cost involved in setting them up (the creation of DECC in 2008 cost at least £15m) and the distraction they can provide from the actual business of government.¹⁰ This was certainly the case following Theresa May’s decision in July 2016 to create DExEU to coordinate Brexit negotiations; DIT (focusing on how and where the UK will trade post-Brexit); and BEIS, formed from a merger of the Department for Business, Innovation and Skills (BIS) and DECC. Indeed, none of the new departments was able to report its September staff numbers to the Office for National Statistics (ONS).

With three departments – the Foreign and Commonwealth Office (FCO), as well as DExEU and DIT – managing Brexit, time and energy was inevitably wasted in turf wars, fragmentation, incoherence and a lack of clarity around roles and responsibilities. A better option may have been to support a Cabinet minister for Brexit with a unit in the Cabinet Office.¹¹ However, it appears that the new institutional arrangements are starting to settle down, with civil servants across Whitehall saying that DExEU, at least, has found its feet quickly, working across Whitehall while still setting up its own organisation.¹² These departments do have to get used to the nuts and bolts of government business as well as their Brexit-related tasks; they are already receiving Freedom of Information (FoI) requests, for example, with DExEU missing the 85% target for responding to requests on time in its first quarter of existence.

Some departments will face a heavier load than others and do so with reduced workforces and budgets.

Percentage change in civil service staff numbers (FTE) by department, September 2010 to September 2016

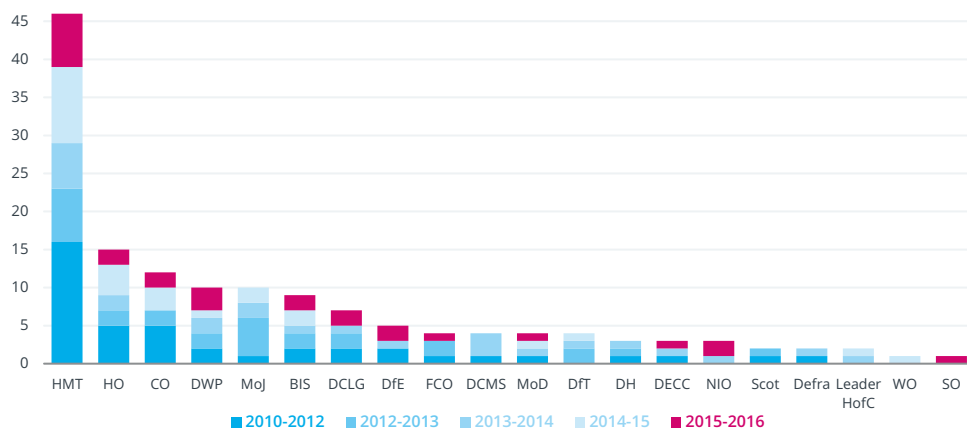


Source: Institute for Government analysis of ONS, Public Sector Employment (Table 9), 2010 Q3 to 2016 Q3.

Some of the departments facing the biggest challenges around Brexit have experienced deep staff and budget cuts. Defra, for example, has estimated that a quarter of EU laws (around 1,200) relate to its work, and that 80% of the department's work is 'framed' by EU legislation.¹³ But staff levels at Defra have fallen by more than a third – more than one in three staff – since 2010, with a reduction in its day-to-day spending (Resource DEL) budget of more than a fifth since 2011/12. The Home Office – also likely to be affected by Brexit, given its immigration responsibilities – has had its budget reduced by nearly a fifth and a staff reduction of around one in ten.

The Chancellor announced some additional money for the FCO and the new Brexit departments in the Autumn Statement – up to £412m in total for this parliament. It is unclear whether this will be enough; and the Autumn Statement included no details of extra money to help other departments facing their own challenges in withdrawing from the European Union.

Number of government bills receiving Royal Assent by department, 2010/12 to 2015/16



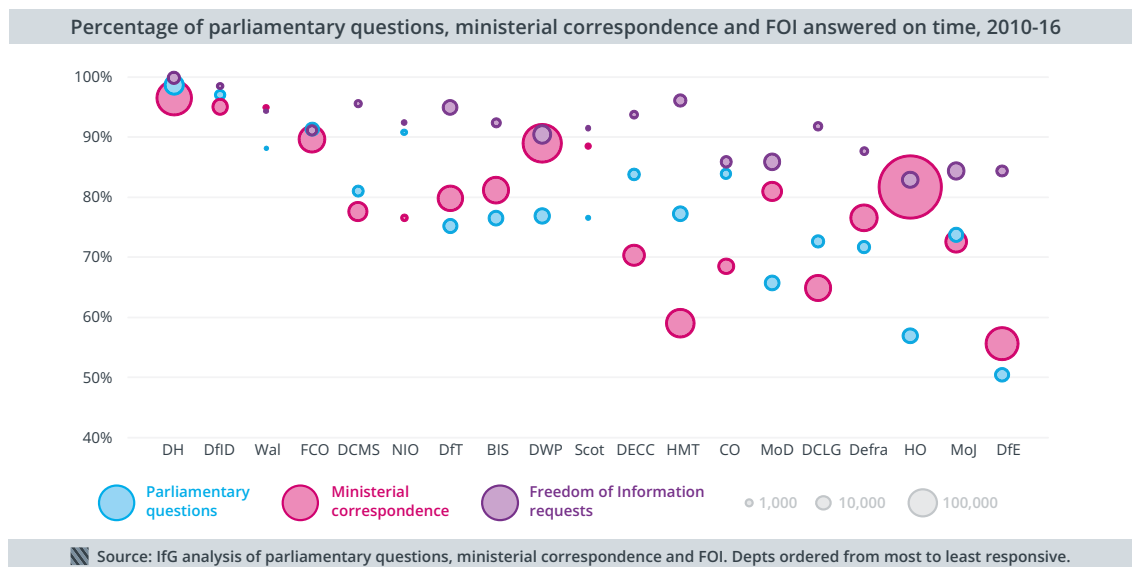
Source: Institute for Government analysis of <http://services.parliament.uk/bills>.

Some departments may need to bring in new skills to cope with Brexit. Again, Defra could face a heavier legislative load than before – since the start of the 2010-12 session, it has been responsible for only two government bills becoming acts. Drafting the Great Repeal Bill – which aims to transpose EU law into UK law where practical – is also proving a more complex challenge than expected, which could further add to departments’ workloads. Departments thus face big challenges in planning for and beyond Brexit, many doing so with fewer staff and less money, while needing to carry out relatively unfamiliar tasks.

Data and government openness

The record of the Home Office under Theresa May, the patchy performances of many departments in publishing transparency data, the continued opacity of government finances, and the impossibility of measuring government performance might suggest that government is becoming less open. These issues also highlight its failure to use its own data effectively.

May’s Home Office was one of the worst-performing departments in responding to information requests on time.

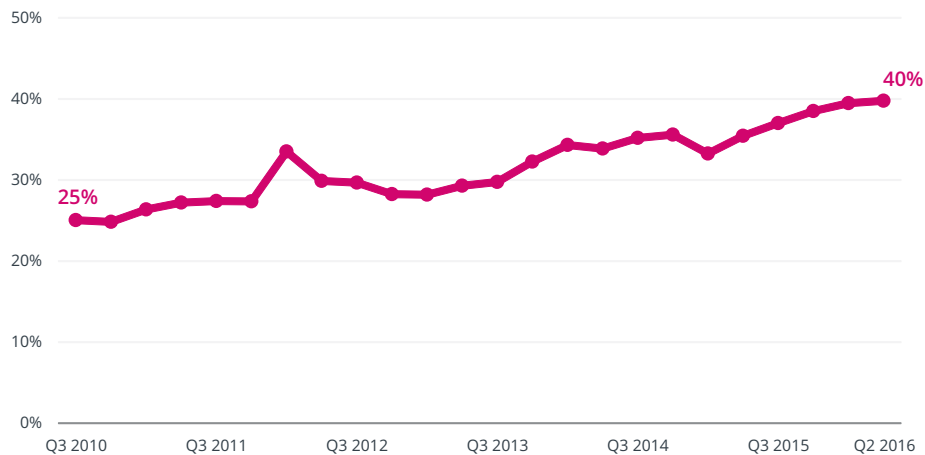


Only MoJ and DfE had a worse record than the Home Office under Theresa May in responding to requests for information (parliamentary questions, ministerial correspondence and FOI) on time. It had the second-worst record on parliamentary questions and the worst of all departments on FOI requests. Indeed, its record of responding to 83% of FOI requests on time between 2010 and 2016 falls short of the Information Commissioner’s 85% threshold, below which departments are subject to special monitoring.

This isn’t exactly encouraging for those who had hoped that the new Prime Minister would build on the Coalition’s open government initiatives.¹⁴ (Nor was the fact that the details of her first Cabinet committees were published only after an FOI request from the Institute for Government.)¹⁵

Departments are withholding information in response to more FOI requests than in 2010, and performance is patchy on transparency releases.

Percentage of FOI requests fully withheld, total for all government departments, Q3 2010-Q2 2016

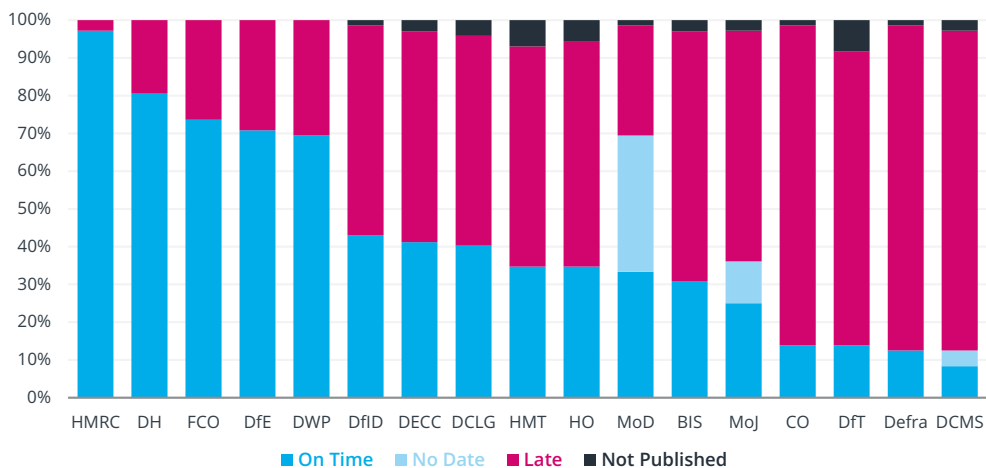


Source: Institute for Government analysis of CO/Moj, Government FOI Statistics, Q3 2010 to Q2 2016.

Fears that the 2015-16 Independent Commission on Freedom of Information might threaten the transparency provided by the Act turned out to be unfounded.¹⁶ But government has become less transparent in its responses to FOI requests over the past six years: at the start of the Coalition, government departments withheld information in full in response to two out of every eight requests (25%); by the second quarter of 2016, this had risen to two in every five (40%). Theresa May's Home Office also went from 25% fully withheld to 40% over the same period.

Freedom of Information is only one aspect of the wider open government agenda. The Coalition aimed to be 'the most transparent and accountable government in the world', and David Cameron wrote to departments shortly after becoming prime minister about transparency and opening up data.¹⁷ Analysis of two of the transparency releases mandated by that letter – departmental monthly spend over £25,000, and departmental organograms – shows that publication has been patchy across departments.

Percentage of monthly releases of spend over £25,000 published on time, November 2010 – October 2016



Source: IFG analysis of GOV.UK and data.gov.uk, monthly spend over £25,000 releases, November 2010 – October 2016.

Departments are supposed to publish their monthly spend by the end of the following month. But – even allowing a few days’ grace – 51% were published late (and 3% not published at all). Infamously, the Cabinet Office – the department responsible for open data policy – was over a year behind in publishing some of its spend data (and did so only after repeated FoI requests from the open data start-up Spend Network).¹⁸ No spend has yet been published by DExEU, DIT or BEIS. Even where departments have published data, there are real problems with using it: our previous work with Spend Network has shown that some data is not recorded, there is a lack of clarity about how government organisations are defined, and it can be difficult to work out which private companies are ultimately benefiting from government contracts.¹⁹

Departments have also been inconsistent in publishing their organograms, which include details of departmental units, salaries, grades and lines of management (interestingly, HMRC – HM Revenue and Customs – and DH are among the best at supplying both organograms and spend data). Recent improvements by the team at data.gov.uk, including making it easier for departments to upload data, are welcome.²⁰ But again, shortcomings in the quality of the data – for example, failure to record changes over time in the names of units within departments, and inconsistencies between the organograms and other datasets, such as the ONS on the professions of civil servants²¹ – suggest that departments are not using what could be a useful workforce management tool.

It is still more difficult than it should be to track government finances and government performance.

Transparency of departmental spending plans, 2011/12 to 2015/16

Department	2011/12	2012/13	2013/14	2014/15	2015/16	Overall Rank
DCMS	Green	Green	Green	Green	Green	1
DECC	Green	Green	Green	Green	Green	2
DH	Green	Green	Green	Yellow	Green	3
FCO	Yellow	Green	Green	Yellow	Green	4
Moj	Green	Green	Green	Yellow	Yellow	5
BIS	Green	Yellow	Orange	Green	Green	6
DfE	Green	Yellow	Green	Yellow	Yellow	7
DfT	Yellow	Green	Yellow	Yellow	Yellow	8
DWP	Yellow	Green	Green	Yellow	Yellow	9=
DfID	Red	Yellow	Yellow	Yellow	Yellow	9=
MoD	Yellow	Yellow	Yellow	Yellow	Yellow	11
HO	Red	Green	Green	Yellow	Yellow	12
Defra	Green	Yellow	Yellow	Yellow	Green	13
CO	Red	Yellow	Yellow	Green	Yellow	14
DCLG	Yellow	Green	Yellow	Yellow	Yellow	15
HMRC	Red	Red	Red	Red	Red	16
HMT	Red	Red	Red	Red	Red	17

Source: IfG analysis of Budgets 2010-15; Spending Review 2010, 2013 and 2015; and Annual Reports 2011/12 to 2015/16, with reference to other financial reports.

Increased government openness over the past few years has made it possible to compile this report. But there are still difficulties for the public, Parliament and presumably the Government itself in understanding how government operates. For example, in the documents they publish and lay before Parliament, not all departments explain clearly why their spending plans have changed, with the Treasury (HMT) one of the worst performers. Different financial datasets use different definitions – in some, HMRC and HMT are separate; in others they are combined – and, as our forthcoming *Performance Tracker* report

will show, tracing government spending becomes even more difficult when looking at individual public services, such as the NHS. As with finance, so too with performance: the shift from Departmental Business Plans under the Coalition to Single Departmental Plans under the Conservative Government makes it nearly impossible to understand how departments are performing on their policy priorities.

Even where government does release data, there are issues with how it is published (in PDF format, rather than more usable spreadsheets) and with quality (everything from how departments are defined, which can vary between datasets and make comparisons difficult, to the different professions civil servants belong to, where we don't know the answer for one in ten staff). It may be that staff reductions and recruitment freezes are affecting the ability of civil servants to do this work, although the creation of the new digital, data and technology profession may help.

But one overriding conclusion from the patchy publication and variable quality of data has to be that departments themselves cannot be making enough use of their own data, known as 'dogfooding'; if they were, the data would be better and more easily accessible. If this is the case, then government is not using data – on everything from its size and shape to its performance – that could mean better outcomes for departments and for citizens.

Over the past couple of years, open data has lost a number of champions in government, on both the political side (e.g. Cameron and his former minister for the Cabinet Office, Francis Maude) and the administrative (e.g. Paul Maltby, former head of data at the Government Digital Service), and some have detected a sense of drift.²² The failure of the UK to send a minister to the most recent Open Government Partnership summit in December 2016 is a worrying sign.²³ But good work continues – for example, at Open Defra, or the Register Design Authority in the Government Digital Service.²⁴ The forthcoming (if much-delayed) Digital Transformation Strategy is expected to create the role of chief data officer.²⁵ There are strong communities, within and outside government, championing data and openness. Those communities need to show why opening up and measuring up can have administrative and political benefits; government needs to realise those benefits.



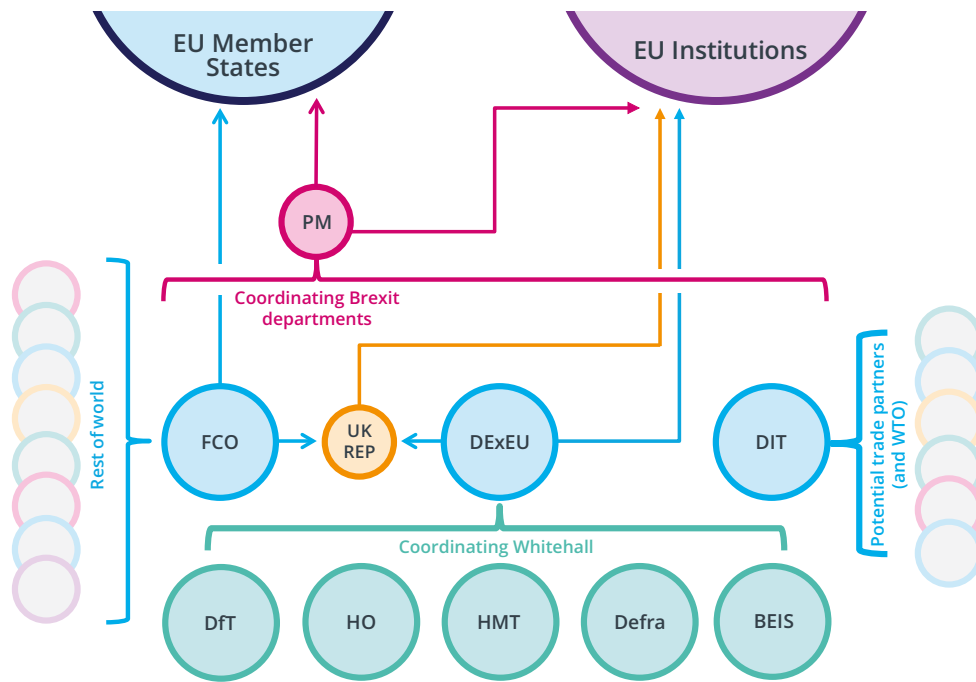
1 Political leadership

After six years under the leadership of David Cameron, Britain has a new Prime Minister: Theresa May. As she prepares for the political challenges of Brexit, May has made significant changes both to the personnel in government and to the machinery of government (creating three new departments), which have added to the burden on Whitehall.

Creating new departments and appointing new ministers might allow May to put her stamp on Whitehall, but reshaping government and having a high ministerial turnover can be a distraction from the business of government. Those who supported the campaign to leave the European Union are better represented than under Cameron, but Remainers – and men – continue to dominate across government. May could also be more hands-on than Cameron – for example, she chairs a higher percentage of Cabinet committees.

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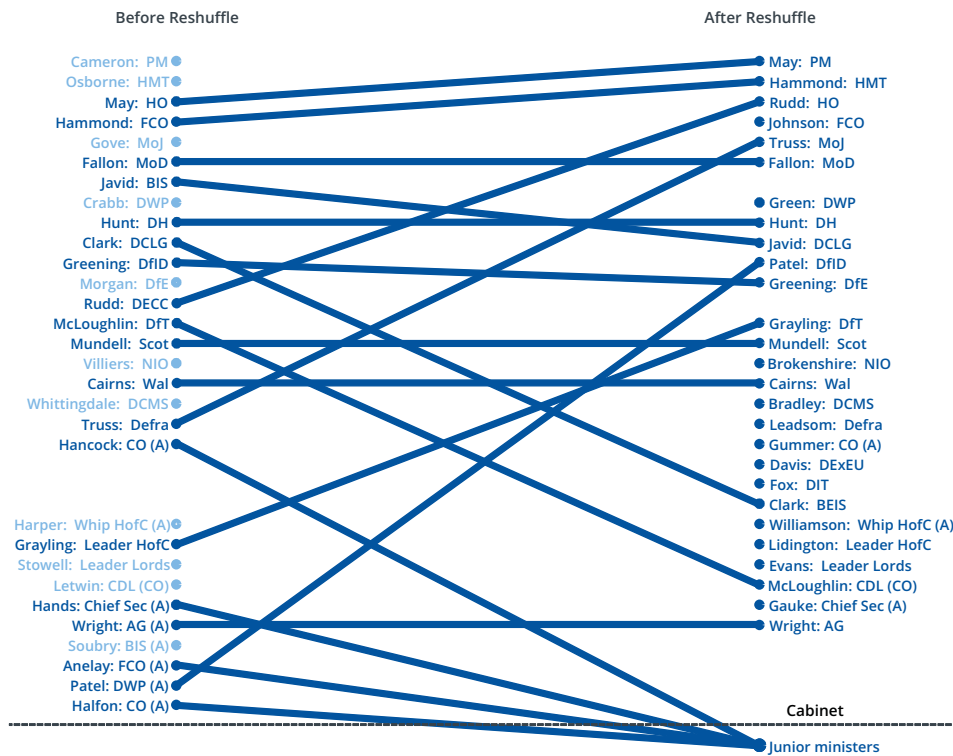
Source: Institute for Government research.

The Prime Minister has said that Article 50 of the Lisbon Treaty will be triggered in March 2017, beginning the UK's withdrawal from the European Union.⁴ These negotiations will be managed by a number of organisations, which must co-operate effectively to be successful. The Prime Minister will lead negotiations from the top, working directly with EU member states and institutions, with DExEU co-ordinating between the Foreign and Commonwealth Office (FCO), DIT, UKREP (the UK Permanent Representation to the EU) and other parts of Whitehall.

DExEU, headed by David Davis, is a small co-ordinating department, expected to employ 400 people, which has been given up to £51m for 2016/17, according to the Autumn Statement. It commissions work on Brexit from experts in other departments, as well as working directly with the Prime Minister and EU institutions. DIT is focused on developing international trade expertise and building relationships with countries and trading blocs around the world. It is currently estimated to employ more than 2,000 people and, with FCO, will have £26m a year by 2019/20 to 'strengthen trade policy capability'. Unlike DExEU, DIT will not play an active role in Brexit negotiations, but it will be of critical importance in preparing for the post-Brexit world. With some other funding, the Brexit departments (DExEU, DIT and FCO) could receive an additional £412m in this parliament; it is not yet clear whether this will be enough. Turf wars and policy disagreements between the Prime Minister's Office, DExEU, DIT and FCO, and evidence that the civil service as a whole lacks the money, staff and information it needs, suggest that the Government may face difficulties managing Brexit in 2017.⁵

May's reshuffle kept only five members of the Cabinet in the same role, and put Leavers in key positions.

Cabinet moves during May government formation

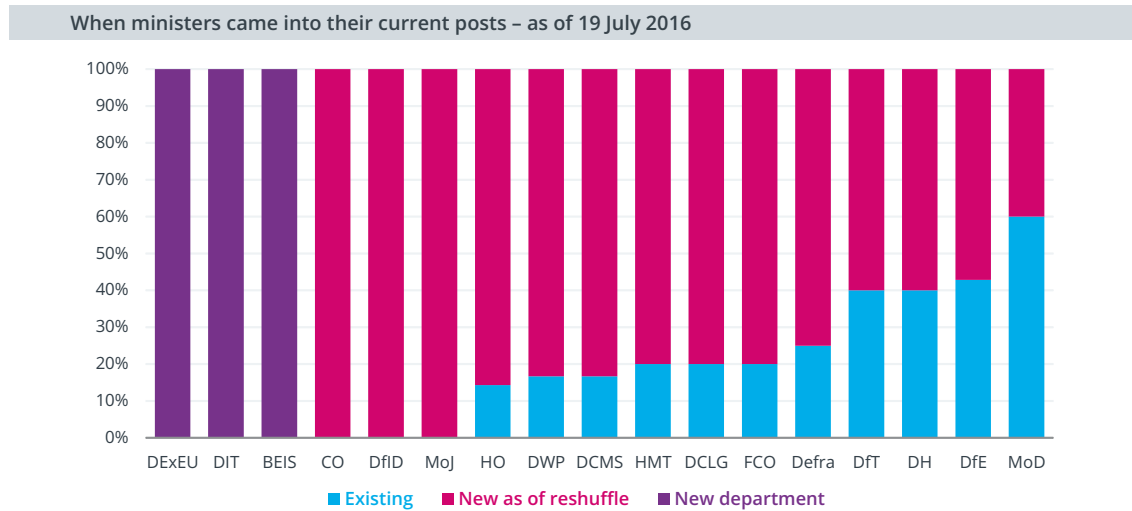


Source: IfG analysis of announcements from 10 Downing Street and IfG ministerial database. A = Attending Cabinet.

Only Jeremy Wright (Attorney General), Alun Cairns (Welsh Secretary), David Mundell (Scottish Secretary), Michael Fallon (Defence Secretary) and Jeremy Hunt (Health Secretary) stayed in post. Eleven previous Cabinet attendees – Cameron, George Osborne, Michael Gove, Stephen Crabb, Nicky Morgan, Theresa Villiers, John Whittingdale, Mark Harper, Baroness (Tina) Stowell, Oliver Letwin and Anna Soubry – left government. Unusually, four previous attendees accepted ministerial positions outside Cabinet (Matt Hancock, Greg Hands, Baroness (Joyce) Anelay, Robert Halfon).⁶

Such a high level of turnover could have an impact on particular policy areas – for example, the departure of Osborne and the moving from the Department for Communities and Local Government (DCLG) of Greg Clark, both strong supporters of devolution, could be one of the reasons for a loss of momentum on localism.⁷ Three important positions were filled with Leave-voting Tory MPs: Boris Johnson (FCO), David Davis (DExEU) and Liam Fox (DIT). With 27 attendees, May's Cabinet is the smallest since the end of Tony Blair's premiership.⁸

Only at the MoD did more than half of ministers remain in post.



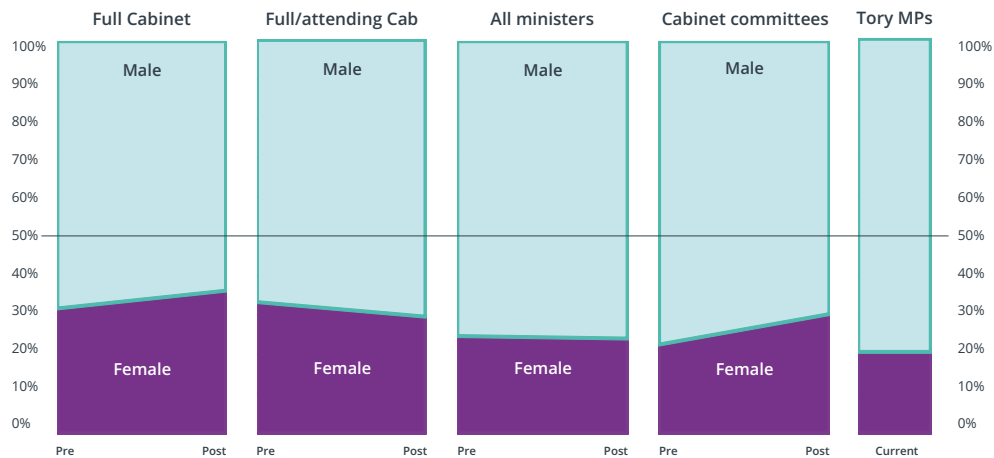
Source: IfG analysis of announcements from 10 Downing Street and IfG ministerial database.

In three departments, all ministers were replaced as May put together her administration: the Cabinet Office (CO), DfID and MoJ. It is usually junior ministers who lead the implementation of departmental policies, so high churn could carry costs for the effectiveness of government; this is a particular concern when Brexit is likely to attract political attention, energy and resources.⁹ As well as MoD, DfE, DH and DfT saw some continuity in their junior ministerial team, suggesting that existing policies will continue, at least in the short run.¹⁰

There was also a reduction in the number of ministers in some departments across government. CO lost half of its pre-reshuffle ministers, and MoJ lost three ministerial posts, going from seven ministers to four. The new BEIS has six ministers – its predecessors BIS (eight) and DECC (three) had eleven between them.¹¹

Men, and those who voted to remain in the EU, continue to dominate the Government.

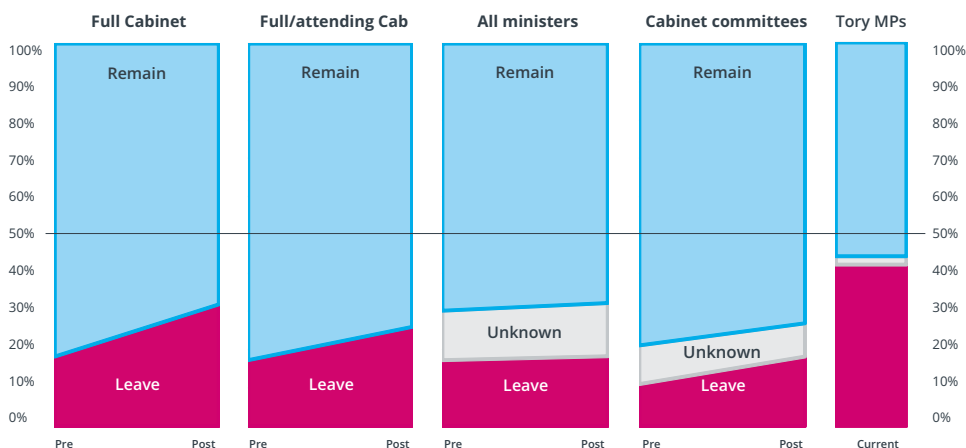
Gender of ministers in Cabinet and Government, pre- and post-reshuffle (as of 19 July 2016)



Source: IfG analysis of announcements from 10 Downing Street, Cabinet Committee lists and IfG ministerial database.

The percentage of full Cabinet members who are women increased slightly with May's reshuffle, although a slightly lower percentage of all Cabinet attendees and all government ministers are female. This is still higher than the percentage of Conservative MPs who are women. In four departments, half or more of the ministers were women following the reshuffle and all these departments are headed by a female secretary of state: DfID (Priti Patel), Defra (Andrea Leadsom), the Department for Culture, Media and Sport (DCMS, Karen Bradley) and the Home Office (Amber Rudd). (Changes since mean DfID and DCMS are no longer 50% female.)¹² The gender balance on Cabinet committees has also improved, with the proportion of places going to women increasing from 22% to 30%.¹³

Leavers and Remainers in Cabinet and Government, pre- and post-reshuffle (as of 19 July 2016)

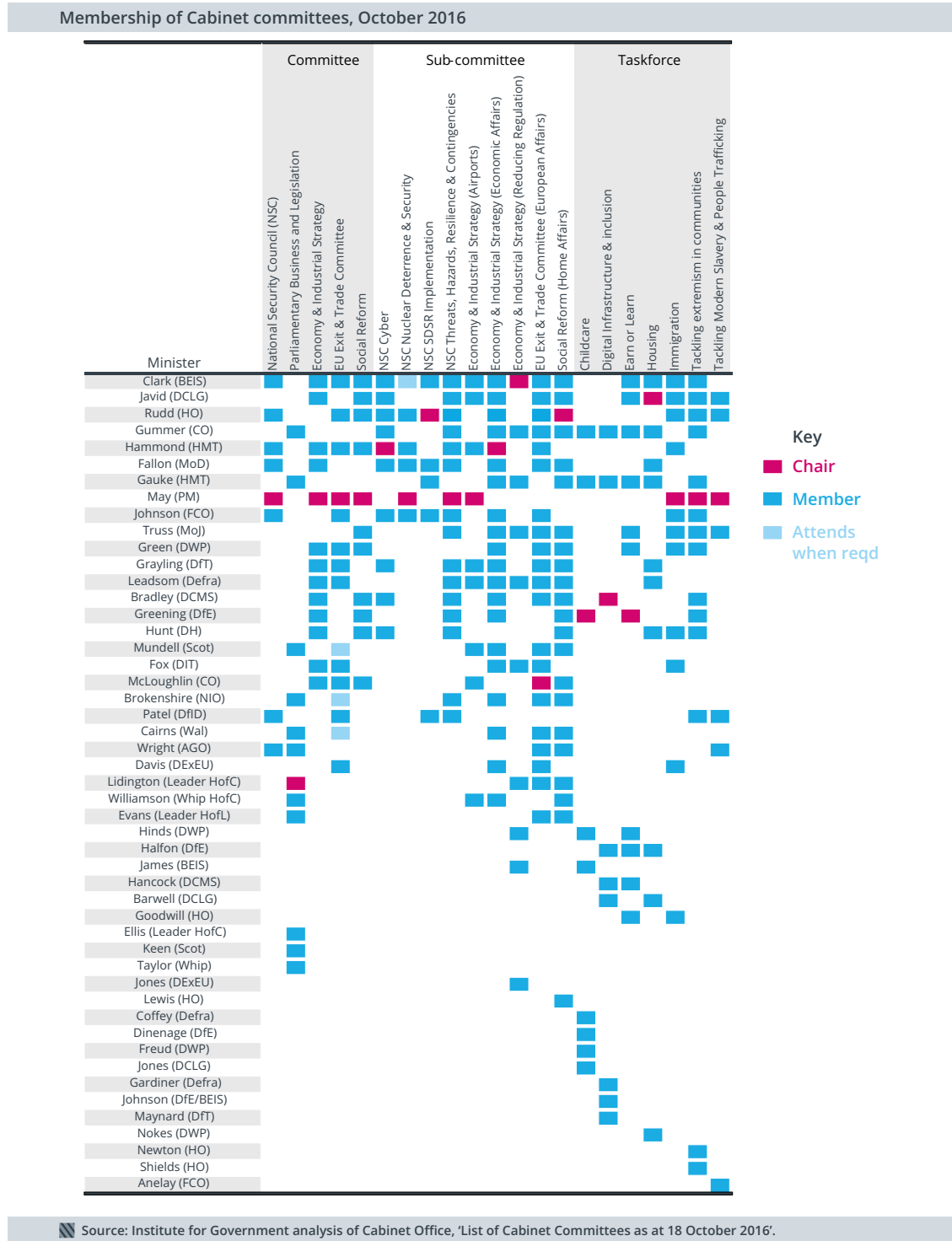


Source: IfG analysis of 10 Downing Street announcements, Cabinet Cttee lists, IfG ministerial database, BBC and other media sources.

Since the reshuffle in July, representation of Leavers in Cabinet has increased from 17% to 25%. Across all government ministers, the increase has been less pronounced (from 17% to 18%). The percentage of Cabinet ministers who voted to leave the EU remains some way behind the percentage of Tory MPs who supported Leave (42%). This proportion is still shy of the 51.9% who voted for Brexit in the referendum on 23 June.¹⁴

As the Government prepares for Brexit, only one Cabinet committee – the European Union Exit and Trade Committee – is evenly balanced between those who supported Remain and those who supported Leave in the referendum. (Three additional ministers attend 'when required', and all are Remainers.)

Cabinet committees reflect May's priorities, including Brexit and industrial strategy.



Cabinet committees – ‘groups of ministers that can take collective decisions that are binding across government’ – are where a lot of government business gets done. The latest list – published following a Freedom of Information request from the Institute for Government – shows that May has fewer than David Cameron, and these reflect her priorities: Brexit, industrial strategy, extremism and modern slavery. Committees that don’t appear to have been reconstituted in some form include the one dealing with health and social care, despite the pressures the sector faces.¹⁵

Clark (BEIS) is able to attend the most committees (16, plus one of the National Security Council sub-committees ‘as required’), replacing Letwin (CO), who attended the most Cabinet committees under Cameron. This roving brief could mean there is some substance behind the Prime Minister’s commitment to an industrial strategy.¹⁶ Leading Leave supporters may attend a number of committees (particularly the EU Exit and Trade Committee) but none chairs a committee.

Theresa May has already said she is using the Cabinet committees for ‘policy development’, ‘reinstat[ing] what might be described as a more traditional way of doing government’. But her approach to chairing may also be a sign of her leadership style, described by a former colleague as ‘want[ing] a lot of control’. She chairs 10 committees, fewer than David Cameron’s 11, but a greater proportion of the whole – half (48%) compared to a third (35%).¹⁷



2 Workforce

The civil service faces its biggest challenge since the Second World War with its smallest workforce since the Second World War.

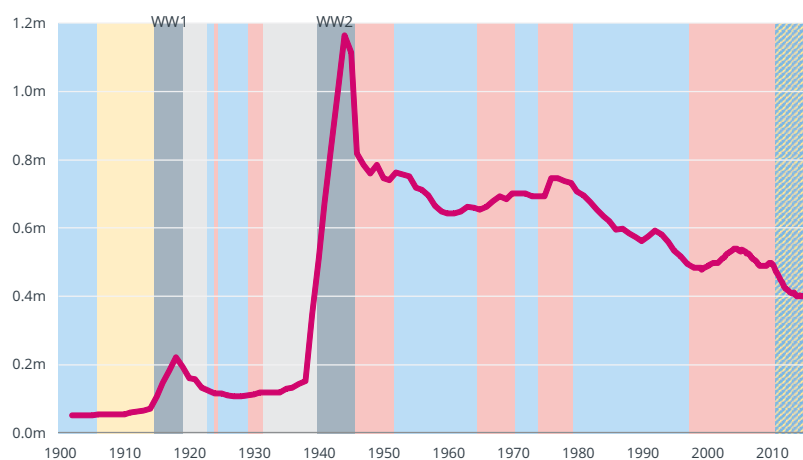
Some departments – notably Defra – face Brexit with much smaller workforces than in 2010. Only six departments are led by the permanent secretary that was in post at the 2015 general election. The civil service is older and more concentrated in senior grades than in 2010, which could pose skills and management challenges. It is more diverse than in 2010, but women are still under-represented at senior levels, progress on ethnicity and disability in the senior civil service has plateaued, and a greater percentage of civil servants are based in London. The lack of data makes some of the progress on ethnicity and disability difficult to measure, and also makes workforce planning difficult – we don't know the professions of one in ten civil servants. Despite recent upheavals, civil servants in nearly all departments are more engaged than in 2015 – engagement levels have fallen considerably at the Department of Health – but particular challenges, such as pay, remain.

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The civil service faces Brexit with its smallest staff since WW2.

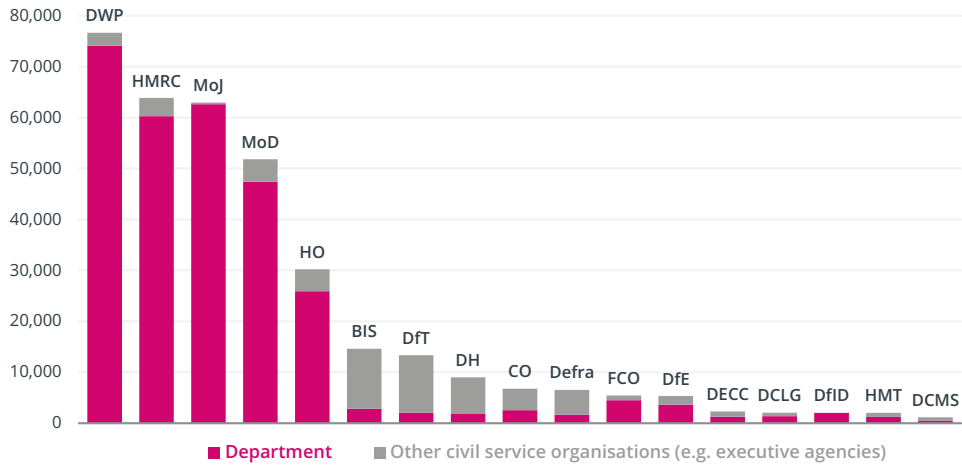
Civil service staff numbers (full time equivalent), 1902 to Sep 2016 – governments and World Wars highlighted



Source: IfG analysis of CO, Civil Service Stats 1902-1990; ONS PSE, 1991-8 annual, 1999-2016 quarterly. Excl Central Govt Security from 1999.

There were 384,950 civil servants (full-time equivalent) in September 2016. This is down 18.5% since the Spending Review in 2010, and means the civil service is at its smallest since the Second World War (civil service employment peaked at 1,164,000 in 1944).

Civil service staff numbers (full time equivalent) by departmental group, September 2016



Source: Institute for Government analysis of ONS, Public Sector Employment (Table 9), Q3 2016.

Departments face Brexit in a variety of shapes (see grade, below) and sizes. Four – DWP, HMRC, MoJ and MoD – have departmental groups of more than 50,000 civil servants; only three others (Home Office, BIS – the new departments are not yet reporting on their new boundaries to the ONS – and DfT) employ more than 10,000. In the case of BIS and DfT, this is (in BIS’s case, was) largely down to big agencies (Land Registry at BIS; DVLA and DVSA at DfT).¹

Percentage change in civil service staff numbers (FTE) by department, September 2010 to September 2016

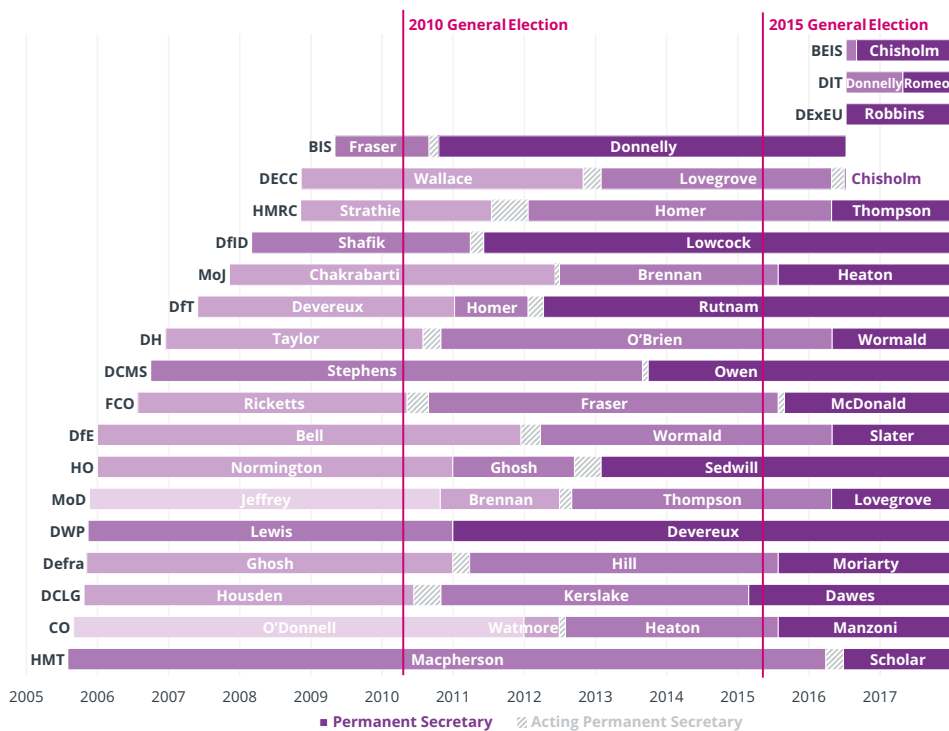


Source: Institute for Government analysis of ONS, Public Sector Employment (Table 9), 2010 Q3 to 2016 Q3.

Reductions have affected departments differently since 2010. Looking only at the departments themselves and ignoring their other organisations, three have undergone reductions of more than a third: DWP, Defra (expected to face a particular challenge around Brexit, given how many of its responsibilities are currently covered by EU law) and DCLG, where the workforce has been reduced by 42%. Four departments actually grew in headcount – DfID, DECC (which no longer exists), the Cabinet Office and DfT. In many cases, reductions were deeper at the start of the last parliament, with numbers stabilising or even increasing towards the end of it.

Only six departments are led by the same permanent secretary in post at the 2015 general election.

Permanent Secretaries, 2010 to January 2018 (from when first appointed, projected)



Source: Institute for Government analysis of permanent secretary appointments, 2010 to 2016.

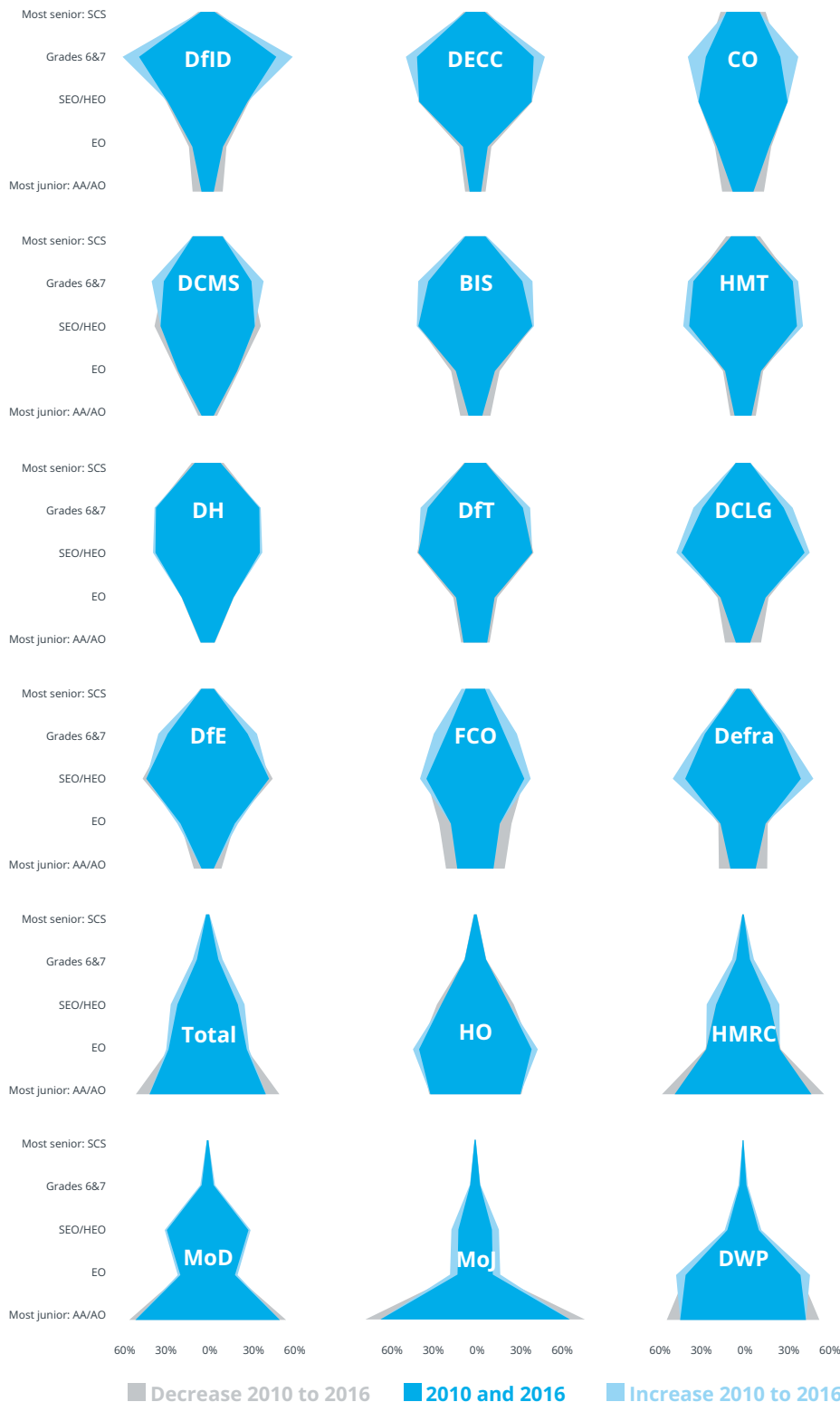
Twelve Whitehall departments face the challenges of Brexit with permanent secretaries who took up their posts only after the 2015 general election. The exceptions are DfID, DfT, DCMS, the Home Office, DWP and DCLG. Only Robert Devereux was a permanent secretary at the time of the 2010 general election (at DfT, rather than his current role at DWP).

Two of the three new departments have already experienced or will soon experience changes: BEIS started life with joint permanent secretaries (Alex Chisholm and Martin Donnelly) before Chisholm took sole charge, while Antonia Romeo will succeed Martin Donnelly as permanent secretary of DIT in March 2017.²

Only three women are currently in charge of departments, down from four in May 2010 and from eight for half a week in March 2011.³

The civil service is more concentrated in senior grades and older than in 2010.

Grade composition and change by department, 2010 to 2016 (percentage of staff at each grade, headcount)

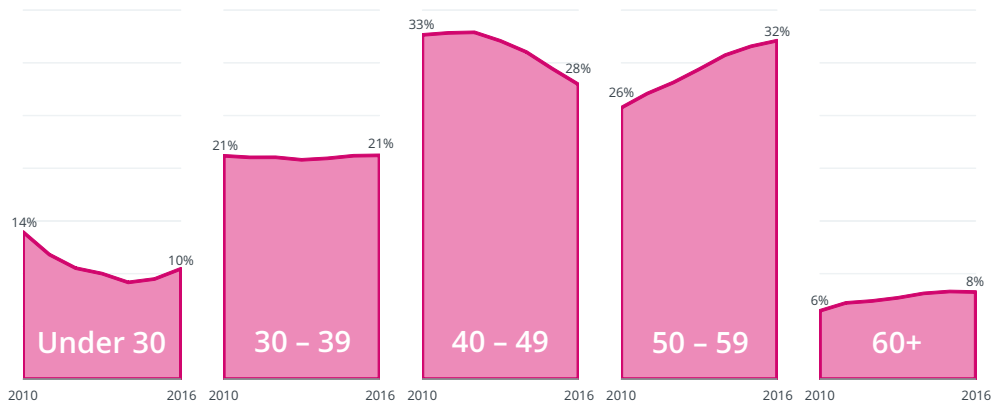


Source: IfG analysis of ONS, Annual Civil Service Employment Survey, 2010, 2016. 'Total' is whole civil service, not just depts shown.

In 2016, 38% of civil servants were working in the most junior grades (administrative assistant and administrative officer, or AA/AO), down from 47% in 2010. Grades 6 and 7 – directly below the senior civil service (SCS) – now account for 10% of civil servants, up from 7% in 2010. The percentage of civil servants right in the middle – senior and higher executive officers (SEO/HEO) – has also increased, from 20% in 2010 to 24% in 2016.

Those departments directly delivering services to the public, such as DWP, MoJ and HMRC, have a higher percentage in the AA/AO grades, although in all three of these, that percentage has fallen since 2010, with a higher percentage at the next few levels up. Other more policy-focused departments, such as DfID, DECC, the Cabinet Office and DCMS, have their highest concentrations in grades 6 and 7, and this has become more pronounced since 2010. These changes may reflect some digitisation of services or processes – the former permanent secretary of HMRC has previously talked about ‘diamond-shaped’ departments emerging from this – and recruitment freezes.⁴

Percentage of civil servants in each age group, 2010 to 2016 (headcount, where known)

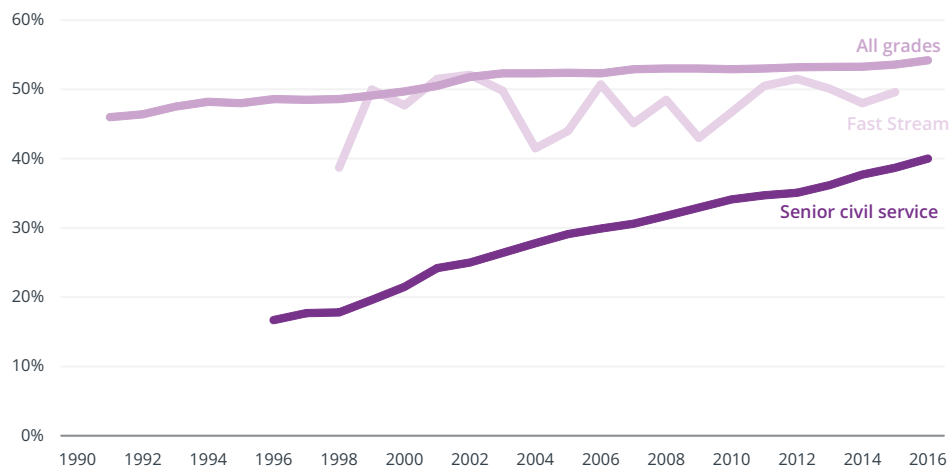


Source: Institute for Government analysis of ONS, Annual Civil Service Employment Survey, 2010 to 2016.

In 2016, 40% of the civil service was over 50 years old – that hasn’t changed much since 2015, but is up from 32% in 2010. Only 10% of civil servants are aged under 30, down from 14% in 2010. This ageing process is probably due to recruitment freezes and could have an impact on the types of skills coming into the civil service.

The percentage of women at all grades has increased, but remains under 50% at the most senior levels.

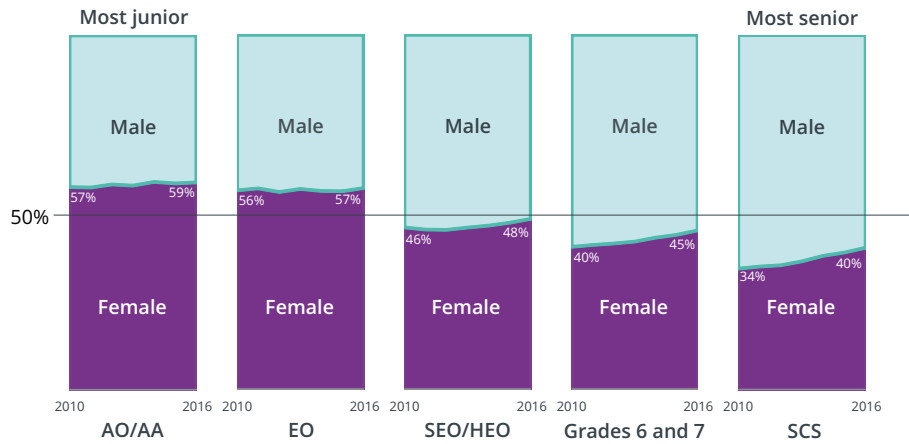
Percentage of women in whole civil service, senior civil service and Fast Stream intake, 1991-2016 (headcount)



Source: Institute for Government analysis of ONS, ACSES, 1991-2016; CO, SCS database, 1996-2006; Fast Stream, Annual Report, 2015.

Gender balance at the top of the civil service has improved – rising to a high of 40% in 2016, up from 34% in 2010. However, this is lower than the percentage of women across the civil service as a whole (54% in 2016). It is also lower than any Fast Stream intake since 1999 (49.6% of Fast Stream appointments in 2015 were women); the gender balance in Fast Stream appointments may feed into the pipeline for future senior civil servants.

Gender balance of each civil service grade, 2010 to 2016 (headcount)

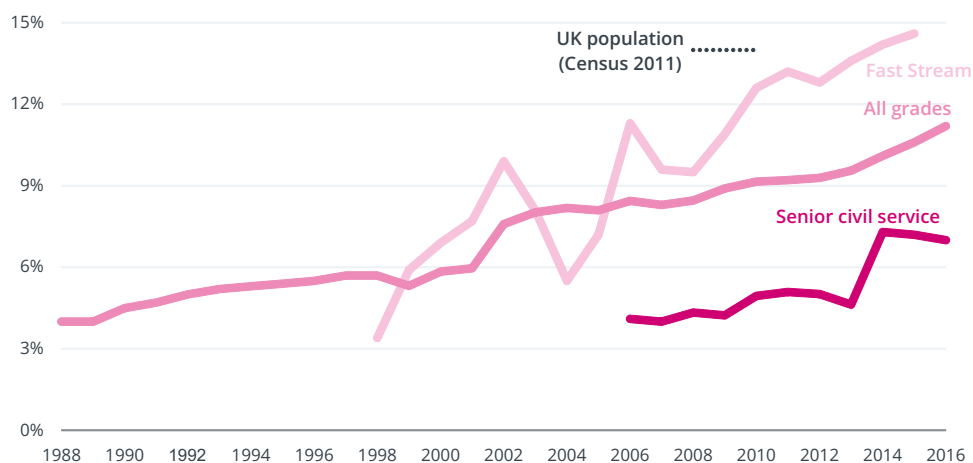


Source: IfG analysis of ONS Annual Civil Service Employment Survey, 2010 to 2016. SCS figures include civil servants at equivalent SCS level.

Women outnumber men at more junior grades, and remain under-represented in senior roles. This is true not just of the senior civil service, but at grades 6 and 7 (45% female) and SEO/HEO grade (48%) too. Women outnumber men at the most junior AO/AA grade (59% female) and at EO level (57%). On the plus side, the percentage of women making up SEO/HEO, grades 6 and 7 and the senior civil service has increased since 2010.

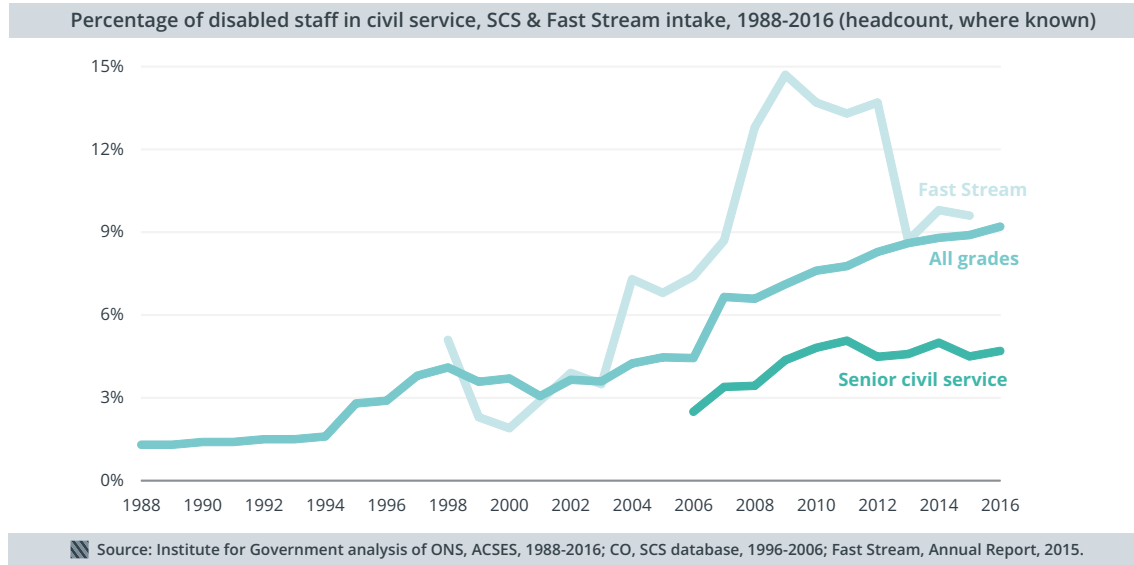
Representation of ethnic minorities and those declaring a disability has improved, but stalled at senior levels.

Percentage of ethnic minority staff in whole civil service, SCS & Fast Stream intake, 1988-2016 (headcount, where known)



Source: Institute for Government analysis of ONS, ACSES, 1988-2016; CO, SCS database, 1996-2006; Fast Stream, Annual Report, 2015.

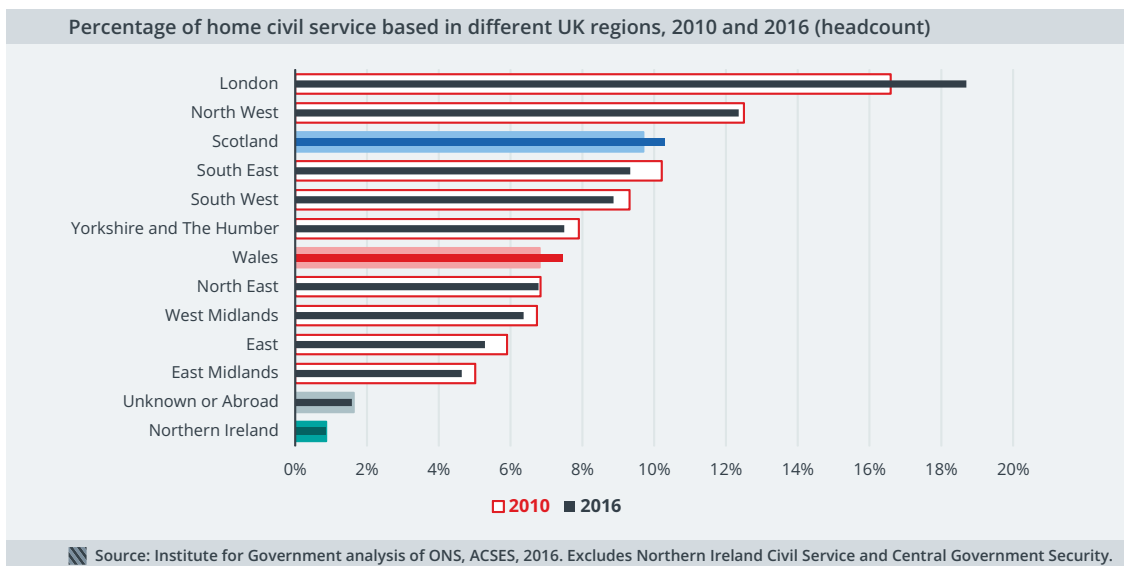
In 2016, 11.2% of civil servants were from an ethnic minority (where ethnicity was known), up from 10.6% in 2015 but below the 14% of the UK population that were from an ethnic minority at the 2011 Census. However, only 7% of senior civil servants were from an ethnic minority in 2016, down slightly from 7.2% in 2015. After significant progress was made in promoting ethnic minorities in 2014, numbers have plateaued. But Fast Stream recruitment is ahead of the rest of the civil service – in 2015, more than 14% of appointments were from an ethnic minority.



Disability representation follows a similar pattern: the percentage of civil servants declaring a disability across the whole civil service has increased (to 9.2% in 2016), but figures are much lower in the senior civil service, and progress seems to have stalled over the past two to three years (only 4.7% had a disability in 2016, up slightly from 2015 but below the 2014 figure of 5%). Again, the Fast Stream performs better, with 13%-15% of appointments between 2008 and 2012 going to those declaring a disability, but this has since fallen to below 10%.

The civil service is putting a lot of effort into increasing diversity – including the Talent Action Plan and ‘champions’ at senior levels.⁵ Despite improvements, there is still a long way to go. The civil service also faces challenges in measuring its progress, given the large percentage of respondents not declaring their ethnicity (12.8%) or disability status (13.1%), to say nothing about the lack of responses on LGBT status and the difficulties of measuring socio-economic background.⁶

The percentage of civil servants based in London has increased since 2010, although only two departmental groups have more than 90% of their staff in London.



As of March 2016, 78,820 civil servants are based in London. That constitutes 19% of the home civil service, more concentrated than the 18% in 2015 and 16.5% in 2010. Civil servants based in Scotland and Wales account for a higher percentage of the workforce in 2016 compared to 2010, while in all English regions the percentage has fallen over this period.

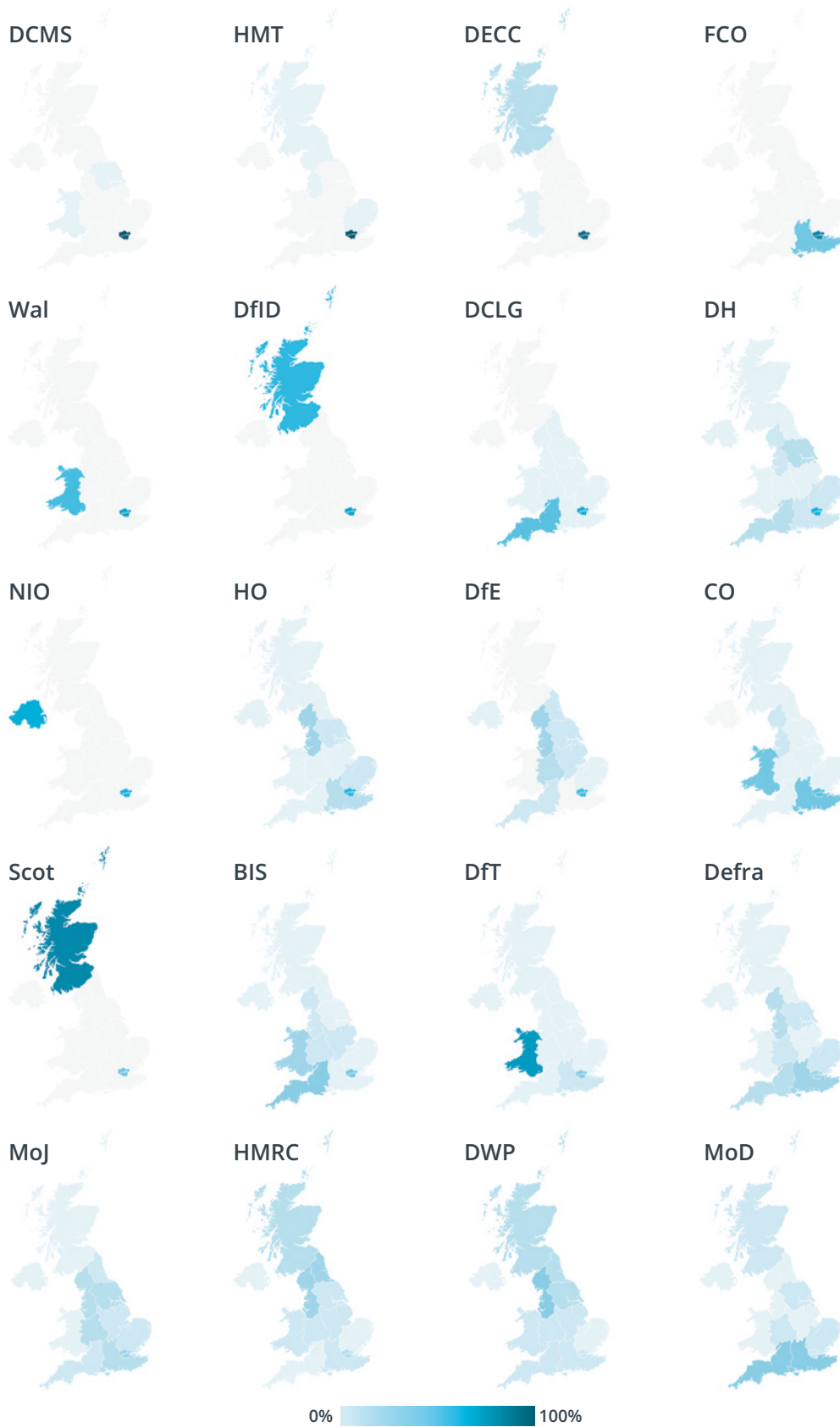
Departmental groups (the department itself and the executive agencies and non-ministerial departments for which it is ultimately responsible) vary in where they employ their civil servants. DCMS (98%) and HMT (96%) are the only departmental groups to employ more than 90% of their staff in London (though the now-abolished DECC, 89%, came close). The four largest departmental groups – DWP, MoJ, HMRC and MoD – have large workforces across the country and (with Defra) employ fewer than one in five of their staff in London (fewer than one in ten at DWP and MoD).

Notable regional employers include:

- DfT, 64% of whose workforce is based in Wales (mainly at the DVLA in Swansea)
- DfID, with 42% of the UK-based workforce in Scotland (DfID has a headquarters in East Kilbride)
- DCLG, with 31% of staff in the South West (most at the Planning Inspectorate in Bristol).

At FCO, 28% of group employees work in the South East, mainly at FCO Services (the FCO's trading fund). There are also a few thousand FCO employees in the South West – at GCHQ in Cheltenham – but these are no longer included in the published statistics for security reasons.

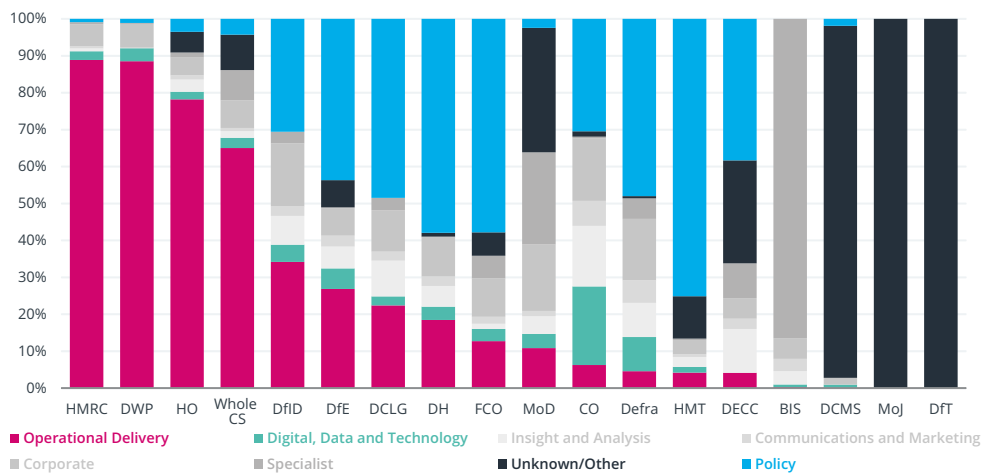
Location of civil servants by departmental group, 2016 (percentage of staff in each region, headcount)



Source: IfG analysis of ONS, Annual Civil Service Employment Survey, 2016. Ordered by highest percentage of staff in London to lowest.

We don't know the profession of one in ten civil servants.

Professions to which civil service posts belong (full time equivalent) by department, March 2016



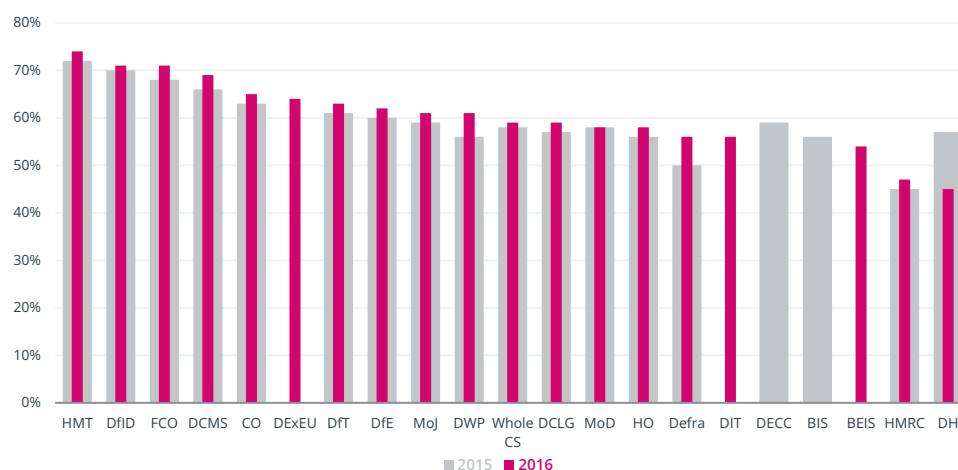
Source: Institute for Government analysis of ONS, Annual Civil Service Employment Survey, 2016 (bespoke cut provided by the ONS).

In total, 65% of civil servants work in operational delivery posts; just over 4% work in policy posts. But we do not know what profession 10% of posts belong to – this rises to 100% in DfT and MoJ, and 98% in DCMS. Departments lacking this data are likely to find workforce planning more difficult.

More than 75% of civil servants in HMRC, DWP and HO are in operational delivery posts, while more than half of civil servants in HMT, DH and FCO are in policy roles. The new digital, data and technology profession accounts for 21% of Cabinet Office and 9% of Defra posts.

Morale has risen in nearly all departments since 2015, but fallen dramatically at DH.

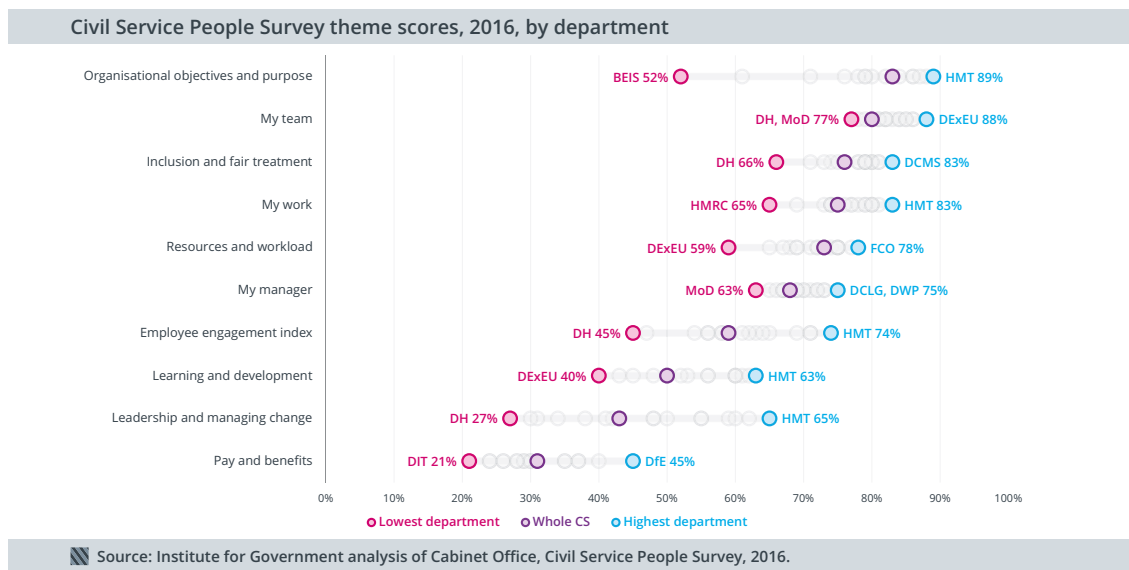
Civil Service Engagement Index – departmental scores, 2015 and 2016



Source: Institute for Government analysis of Cabinet Office, Civil Service People Survey, 2015 and 2016.

The Civil Service People Survey, in which 280,000 civil servants answered more than 60 questions during October 2016, is a key indicator of organisational health. Despite various upheavals – including a change of government and Brexit – civil servants across most of Whitehall are more engaged in 2016 than in 2015. The biggest climbers were Defra (six points) and DWP (five points), while HMRC continues its climb from a low of 34% in 2010 to 47% in 2016.⁷

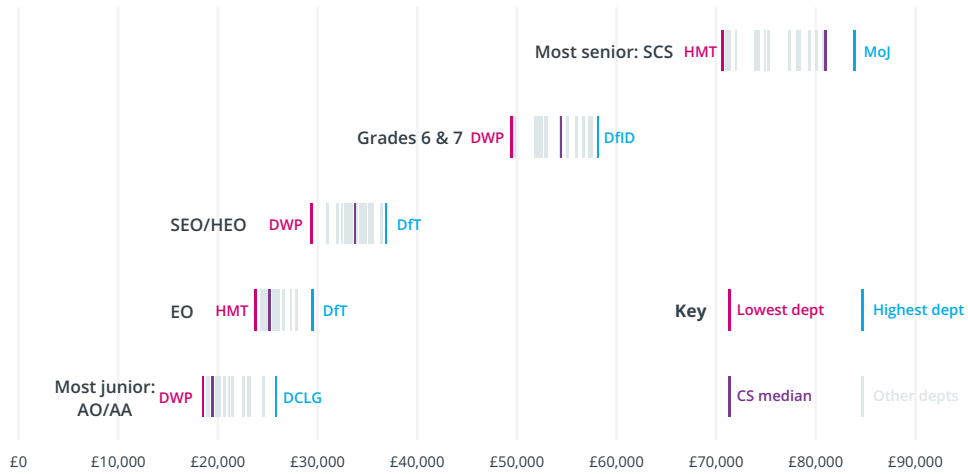
However, engagement has fallen by a record 12 points at DH. Its scores have fallen across all the themes in the survey since 2015, with the biggest fall being in 'organisational objectives and purpose' (from 76% to 61%). These falls may owe something to a recently completed redundancy round. They are not irreversible; DCMS and DfE have both recovered in similar situations.⁸



Departments vary considerably in their scores on particular themes: 38 points separate the best (HMT) and worst (DH) performers on leadership and managing change, and 37 points on organisational objectives and purpose (HMT, BEIS). Particularly striking is DExEU's performance: it compares well against the rest of the civil service on the whole, and comes top in the 'my team' theme, although it comes bottom in 'resources and workload' and 'learning and development' (not surprising for a brand-new department). Altogether, the People Survey suggests DExEU has done a good job in establishing itself and motivating its workforce; its management will now be concentrating on focusing the organisation on the task at hand.⁹

The lowest-scoring theme across the whole civil service is 'pay and benefits' (31%, up one point from 2015). The new Department for International Trade comes bottom (21%), while DfE is five points above any other department on 45%.

Median annual salary by department at each grade, March 2016



Source: Institute for Government analysis of ONS, Annual Civil Service Employment Survey, 2016.

This is despite the fact that the median salary at DfE is not the highest at any grade. MoJ tops the senior civil service pay charts, on nearly £84,000, which is £13,000 more than the lowest department, HMT. The Treasury has the lowest median salary at EO level, too, while DWP is bottom at all the other grades.

With a continuing pay freeze, departments must find other ways of motivating their staff. The need to bring in specialist skills – for example, in digital, data and technology – may yet require changes to pay scales, reward structures and career paths.¹⁰



3 Finances

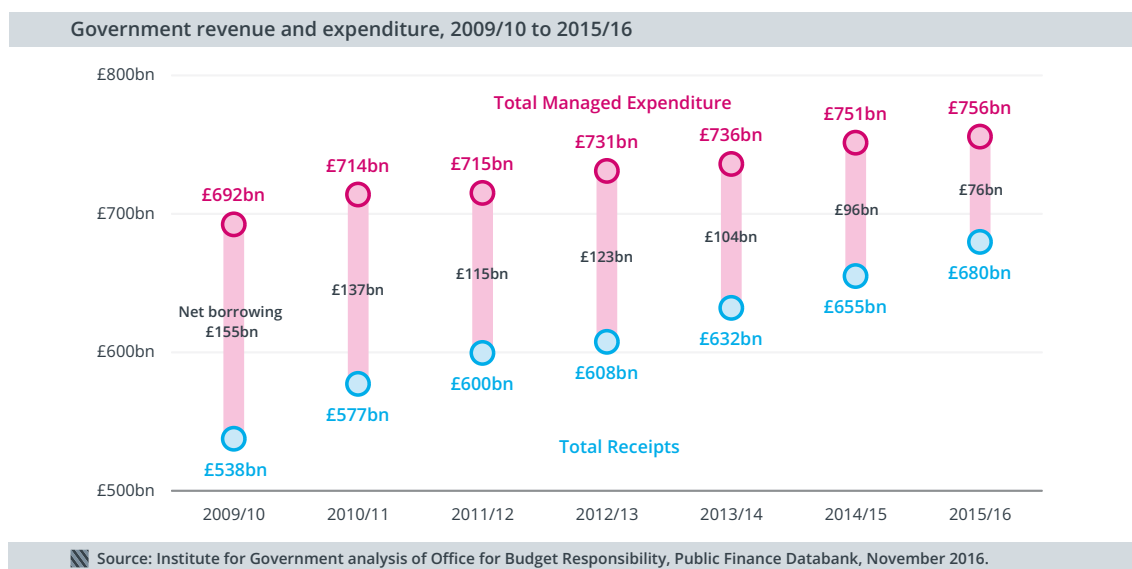
The budget deficit fell in 2015/16 but the pace of reduction has been slower than planned. In response to the EU referendum the 2019/20 surplus target has been abandoned. The deficit remains large by historical standards and is under pressure from demands for more spending and falls in key revenue streams. Most departmental budgets will decrease in the next four years, and despite planned budget increases in some major public services, resourcing is vulnerable due to the tight spending settlement.

Departmental budget reductions since 2010 will continue up to 2020 broadly on the same scale, in an effort to bring the deficit down. Government revenue is highly dependent on direct and indirect taxes but tax expenditures create billions of pounds of forgone revenue. Since 2010 the value of liabilities on the Government's balance sheet has grown more than the value of assets, increasing net liabilities.

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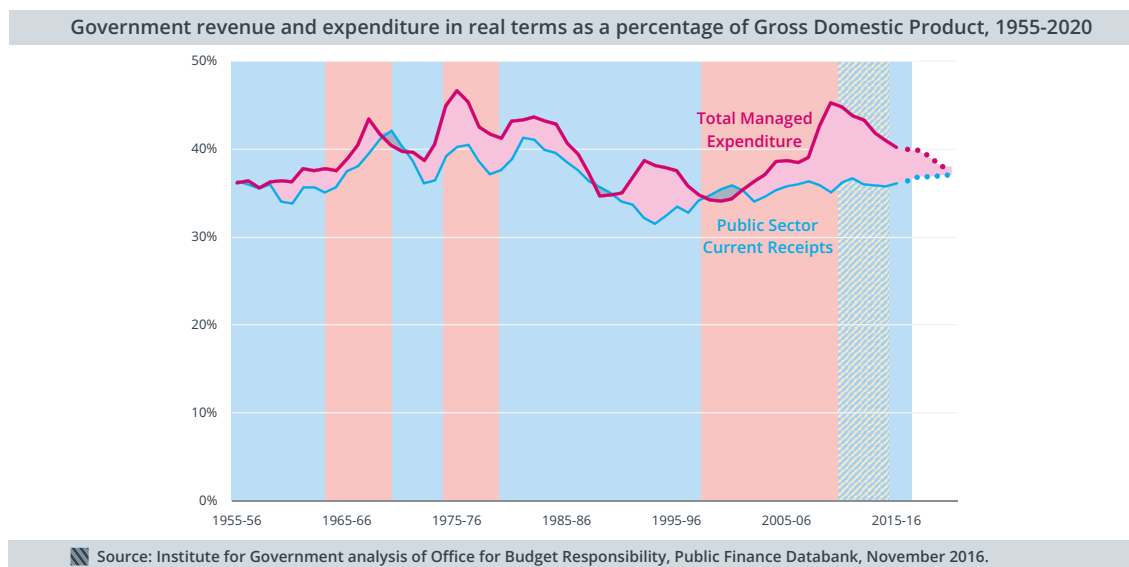
The deficit has fallen from £155bn to £76bn since 2010...



Government raised £680bn in 2015/16 but spent £756bn, giving a deficit – what government spends minus what government raises – of £76bn. The size of the deficit currently stands at 10% of total expenditure, a reduction from 22% in 2010. This reduction is due to a combination of increasing revenues, which have grown by 26% since 2010, and controlling expenditure, which has grown by 9% over the same period.

The reduction of the deficit since 2010 has not been as fast as the Government intended. In 2010 the Coalition government set out plans for the deficit to be eliminated by the end of the parliament in 2015. In 2012 this target was pushed back into the following parliament due to the state of the economy. The 2015 Spending Review set out plans for the deficit to be eliminated by 2019/20, with the first surplus – where government receipts are greater than government spending – since 2001 (of £10bn).¹ The surplus target was abandoned by George Osborne, and confirmed by his successor as Chancellor, Philip Hammond, in response to the Leave vote in the EU referendum.² New spending figures set out in the Autumn Statement forecast a deficit of £20bn in 2020.³

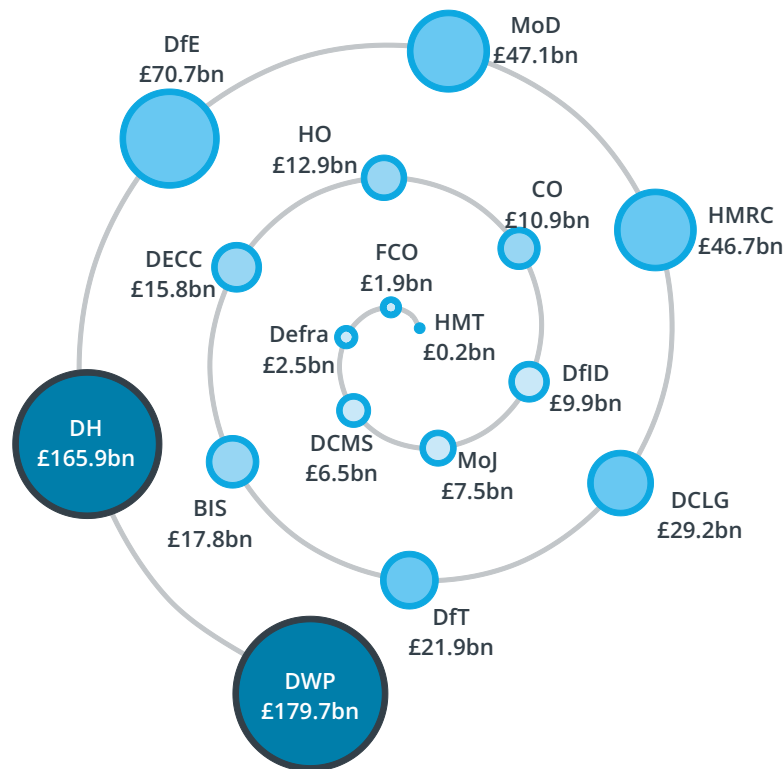
...but the gap between revenue and expenditure remains high by historical standards.



Over the past 60 years the public finances have often been in deficit, but the scale of net borrowing since 2009 has been greater than at any time during this period. The impact on the public finances of the financial crisis beginning in 2007 has been more significant than, for example, the recession in the early 1990s or the IMF bailout in 1976. Increased levels of spending coupled with a sharp collapse in government revenue due to decreased economic activity had left a £155bn (10.1% of GDP) hole in the public finances by 2010. After six years, this is a little over half-repaired.

DWP and DH had the largest total managed expenditure in 2015/16.

Total managed expenditure by department, 2015-16



Source: Institute for Government analysis of HMT, Public Expenditure Statistical Analyses 2016, Table 1.12 & Departmental Annual Reports & Accounts.

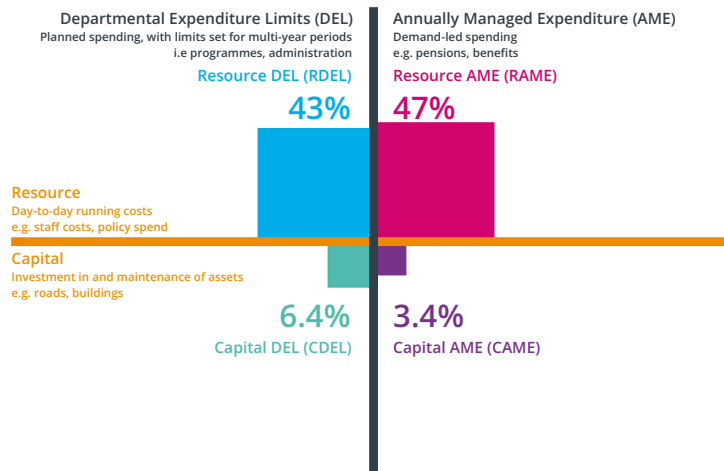
In 2015/16, as in previous years, DWP (£179.7bn) and DH (£165.9bn) account for 50% of total departmental spending.⁴ The combined budgets of the next three departments (DfE, MoD and HMRC) are still smaller than either of them. This reflects the scale of what each department is responsible for – DWP delivers the welfare and benefits system and DH funds the NHS. The third-largest spending department is DfE (with a budget still less than half the size of either DWP or DH), which reflects its role in providing another major public service.

At the opposite end of the scale, HMT, FCO, Defra, DCMS, MoJ and DfID all have budgets of less than £10bn.

When they were abolished in July 2016, DECC (£15.8bn) and BIS (£17.8bn) were in a middle rank of departments along with DfT and DCLG. Also within this middle rank is HO, which provides the largest portion of funding for the police, another important public service.

Government spending is split into different elements – most of it goes to resource spending on policy programmes and staff.

Composition of Total Managed Expenditure (TME) across whole of government, 2015/16



Source: Institute for Government analysis of HMT, Public Expenditure Statistical Analyses 2016, Table 1.1 and Table 1.7

Total managed expenditure (TME) across Whitehall – the overall amount of spending allocated to departments each year – is split into different types.⁵ As part of the strict processes and controls applied to how and where departments spend their money, allocations to one category of spending cannot be used for other types of spending.

Spending can be defined by how the limits are set:

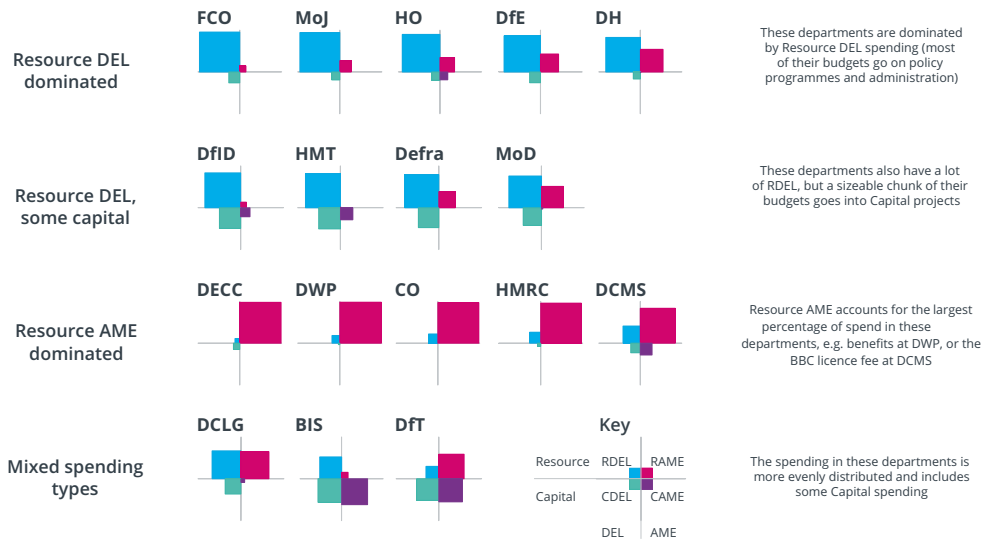
- **Departmental Expenditure Limits (DEL)** Cover plans that departments are committed to, announced at Spending Reviews. They are often set for a multi-year period, and spending is limited, meaning departmental leaders cannot overshoot their allocated DEL budget.⁶
- **Annually Managed Expenditure (AME)** A spending line is defined as AME spending if it 'cannot reasonably be subject to firm three-year limits'. AME is harder to predict and often relates to functions that are demand driven, such as pensions or welfare payments.⁷

Or spending can be defined by what it is being invested in:

- **Resource spending** Relates to departments' day-to-day operations, including administration spending to cover running costs such as salaries, and programme spending, which pays for policies and programmes.
- **Capital spending** Adds to the public sector's fixed assets, such as transport infrastructure (e.g. roads and rail) and public buildings.

These two different divisions give four quadrants of spending – Resource DEL (RDEL), Resource AME (RAME), Capital DEL (CDEL) and Capital AME (CAME). Resource AME accounts for nearly half (47%) of total government expenditure, closely followed by Resource DEL, often referred to as day-to-day spending (43%).

Composition of total managed expenditure by department, 2015/16



Source: IFG analysis of HMT, Public Expenditure Statistical Analyses, Tables 1.5 and 1.8, and Departmental Annual Reports and Accounts.

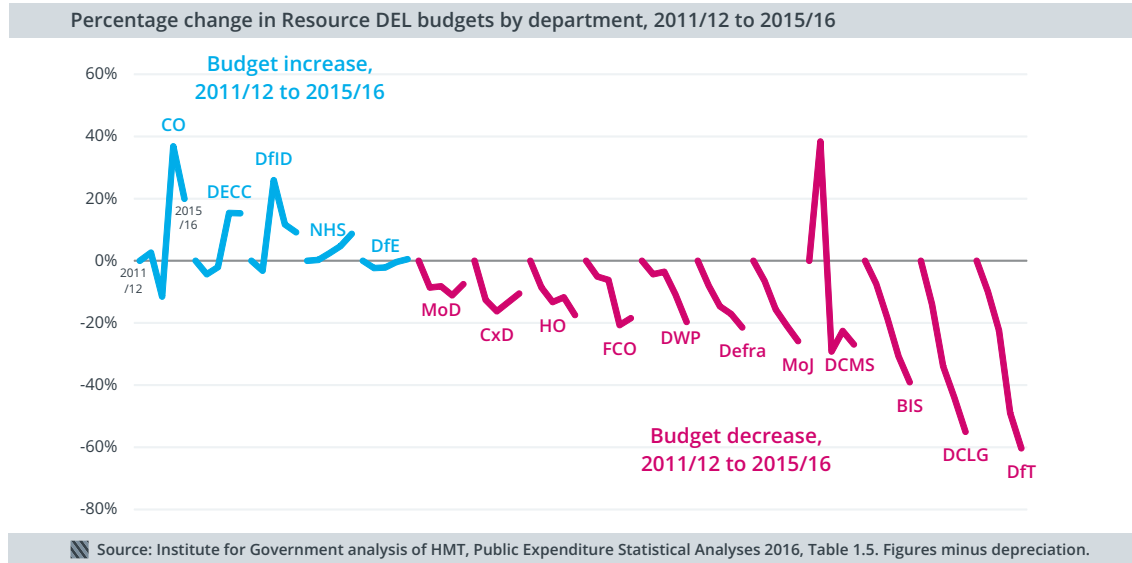
Most departments' budgets are dominated by a single type of spending.⁸ For example, expenditure at MoJ (prisons) and FCO (administration, conflict resolution and peacekeeping) is almost exclusively Resource DEL, whereas for DWP (pensions, benefits) and HMRC (tax credits) the predominant type of spending is Resource AME. A department primarily relying on Resource DEL faces more challenges overseeing policies and programmes if these particular budgets are targeted for reductions. For example, prison funding comes out of the MoJ's RDEL budget, and therefore reductions will affect not just the department in Whitehall but resources available to the prison service as a whole.

For departments with predominantly AME profiles, such as DWP, spending is demand driven and harder to plan for accurately. For example, despite government policy aiming to reduce the welfare bill, total spending on housing benefit has grown from £19.9bn in 2009/10 to £24.2bn in 2015/16.⁹

Departments such as DfT and BIS (before it was abolished) have a greater mixture of different types of spending, including capital, which is not the case for the majority of departments. DfT's capital budget includes investment in the railway network (£6.7bn in 2015/16) and roads (£1.9bn in 2015/16), while BIS invested in higher education and science and research.

Departments responsible for capital spending oversee large and potentially complex projects such as infrastructure, which are longer-term commitments susceptible to delay and overspend.

A majority of departments had their day-to-day spending budgets reduced in the past five years, some (DfT and DCLG) by more than half.



Since RDEL is set on a multi-year basis at the Spending Review and is the financial envelope in which Whitehall departments have to plan and operate, it should be the area of spending that government can exert most control over.

Departments can be broken down into three groups according to changes in their RDEL budgets since 2011/12:

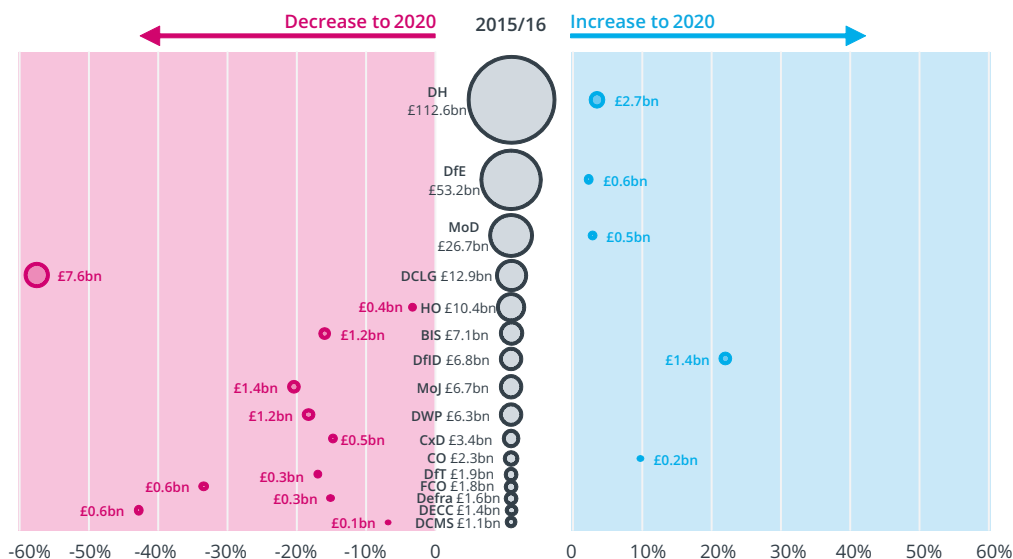
- In some departments there has been a real-terms increase over the past five years – in some cases, the Government ring-fenced parts of their budget, such as DH (health, up 9%), DfID (aid, up 9%) and DfE (schools, up 1%).
- Some departments, such as MoD, HO, Defra and MoJ, had budget cuts of up to 30%.
- In other departments – BIS, DCLG and DfT – there were larger cuts of between 30% and 60%.¹⁰

A contrast can be seen between DECC and BIS, both abolished in July 2016 as part of the creation of BEIS – DECC's RDEL increased by 15%, while BIS had a 39% reduction.

Because of their different spending profiles, these RDEL reductions will have more of an impact on some departments – i.e. those departments where the total budget is primarily made up of RDEL. This includes MoJ (-26%), FCO (-18%) and HO (-17%). Conversely, although DfT has had a greater reduction (more than 60%), RDEL doesn't form the central part of its TME (capital budgets do). The trend of reductions has also varied. Some departments, such as MoJ and Defra, had sustained yearly decreases of comparable sizes, whereas at DCMS there was a sharp increase before the 2012 London Olympics, and decreases in the following years.

Under current spending plans up to 2020, five departments' budgets will increase and the rest will continue to fall.

Planned real term changes in Resource DEL by department from 2015/16 to 2019/20



Institute for Government analysis of HMT, Public Expenditure Statistical Analyses 2016, Table 1.5. Figures minus depreciation.

The scale of RDEL reductions over the past five years will continue up to 2020.¹¹ For departments such as MoJ and DCLG, where there have already been sustained budget reductions, the respective 20% and 60% additional decreases will be particularly challenging to achieve without an impact on the areas the departments are responsible for funding (for example, prisons and local government).

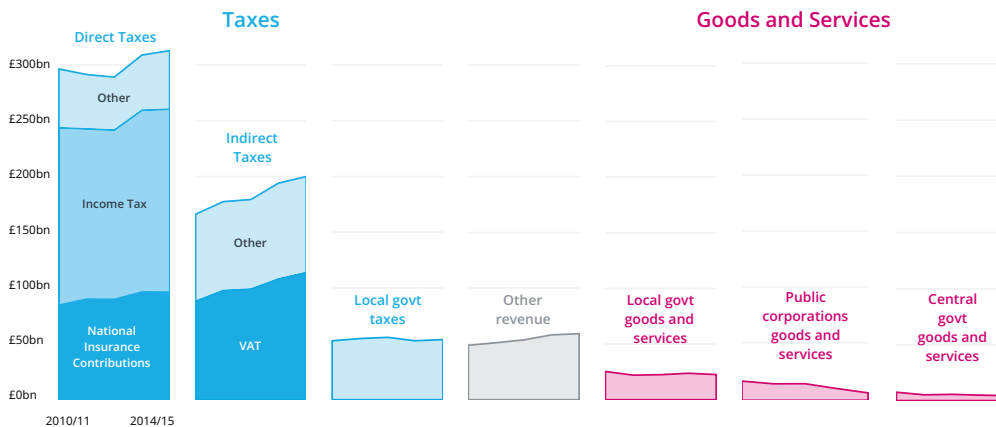
DH and DfE will continue to see a real-terms increase to support the provision of schools and hospitals, but the scale of the increase is 1%-2%. For the NHS this is a smaller real-terms increase than in the previous five years, and for DfE it is a similar amount. Such tight spending settlements for major public services are vulnerable to unforeseen levels of demand, or a sharp increase in inflation, both of which would erode the impact of budget rises.

Some departments have a notably different budget plan up to 2020 compared to the previous five years. This can reflect political pressure, where reductions are seen to have gone as far as possible in certain areas, and the challenge of meeting similar levels of spending reductions is judged to be too great. For example, MoD will go from having an 8% decrease over the previous five years, to a 1% increase by 2020, partly in order to meet the 2% Nato defence spending target. The HO budget, which funds the police (among other things), went down 17% in the five years up to 2015/16, but is planned to go down by only 5% in the next four years, a smaller decrease than in other departments.

Whereas in the past five years DECC and BIS had contrasting budget allocations, both had significant planned reductions to achieve over the next four years, before their abolition. DECC planned to operate with the second-largest percentage RDEL reduction of all departments, at 44%, and BIS had a 17% reduction.

Direct and indirect tax revenue increased between 2010/11 and 2014/15 and stands at £512bn.

Sources of government revenue, 2009/10 to 2014/15



Source: Institute for Government analysis of HMT, Whole of Government Accounts, 2010/11 to 2014/15.

For revenue, government relies on taxation and the sale of goods and services.

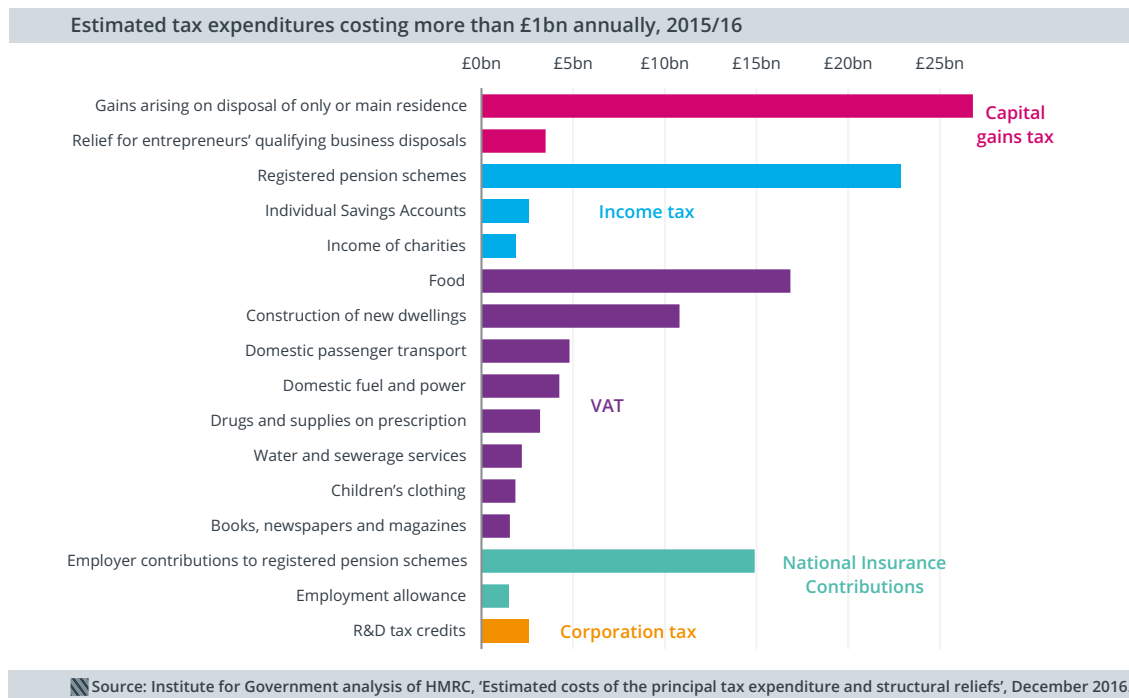
Direct (e.g. income tax and corporation tax) and indirect (e.g. VAT and excise duties) taxes are the main sources of revenue: income generated from all taxation (including local government taxes) accounted for 86% of total government revenue in 2014/15, an increase of just over 1% since 2010. Receipts increased over the past five years, contributing £512bn to the exchequer in 2014/15, compared to £462bn in 2010/11.

In contrast, over the same five years, revenue from goods and services fell from £50bn to £33bn. Revenue from the sale of services by central government (e.g. entities within the NHS), local government (e.g. social care, leisure provision, fare income from Transport for London) and public corporations (e.g. advertising and broadcasting rights) decreased from 8% to 5% of total government revenue. The notable decrease in revenue from public corporations since 2012/13 is due to the sale between 2013 and 2015 of Royal Mail, which is no longer a government entity.¹²

Specific taxes generate the most money for the exchequer as a percentage of total tax revenue: income tax (28%), VAT (20%) and National Insurance (17%) were the largest contributors in 2014/15. In total, the combined contribution of income tax, VAT and National Insurance contributions (NICs) generated £374bn in 2014/15.

Direct and indirect taxation consistently accounted for around 75%-80% of revenues in each year since 2010. Given how vital revenue increases have been in reducing the deficit, deterioration in tax receipts from these revenue streams would create significant problems for the sustainability of government spending plans. Public finance figures from September 2016 showed receipts were beginning to disappoint relative to forecasts and are on course to be £14bn down on the Office for Budget Responsibility's forecast for 2016/17 from March 2016.¹³

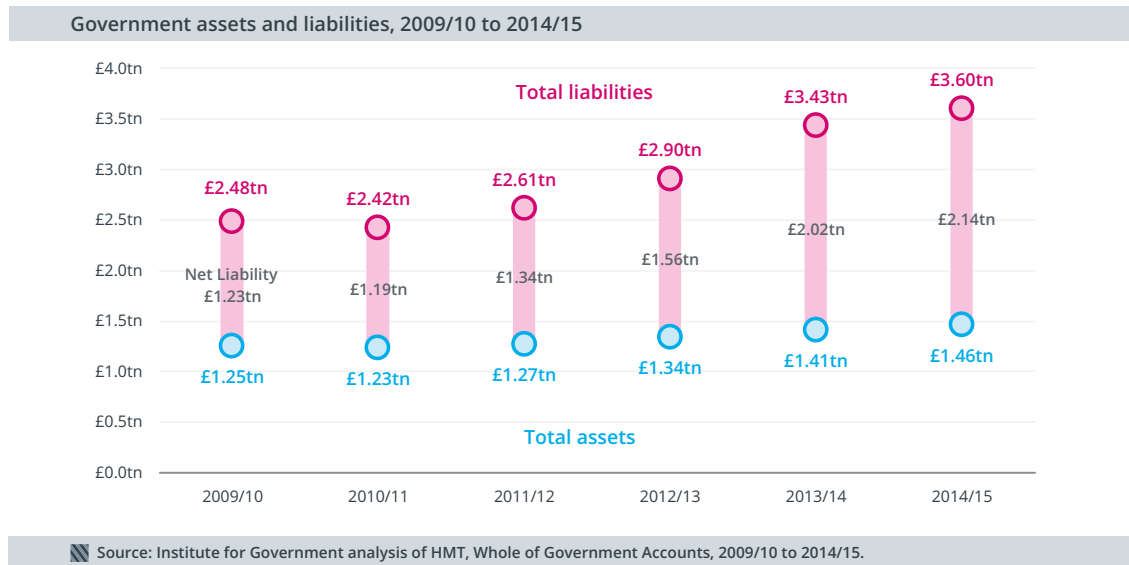
There are 16 tax expenditures each costing over £1bn and half of them relate to VAT.



Tax expenditures are tax discounts or exemptions that further the policy aims of government. They cover everything from the relief on charitable giving to inheritance tax relief, and can involve politically sensitive issues such as the zero rate of VAT on children's clothes. There are 16 tax expenditures that each cost more than £1bn in forgone revenue (the money government could have expected to raise if the exemptions were not in place). The largest exemptions concern gains arising from selling a house (£26.8bn), pension schemes (£22.9bn) and VAT on food (£16.8bn). Of the 16 expenditures over £1bn, eight concern VAT.

The total sum of forgone revenue for all tax expenditures (including those costing less than £1bn) across the five revenue streams in the chart above (income tax, corporation tax, NICs, capital gains tax and VAT), plus expenditures applying to inheritance tax and excise duties, was £133bn in 2015/16 – equal to a quarter of total direct and indirect tax revenues in 2014/15, and larger than the total managed expenditure of all departments except DWP and DH. In spite of this, the National Audit Office (NAO) has reported that the Treasury does not control tax expenditures with the same rigour as it does general expenditure; they are not included in HMT's own budget-formation process and are therefore not subject to appropriate levels of scrutiny. The Institute for Government, along with the Institute for Fiscal Studies and Chartered Institute of Taxation, has recently called for the most spending-like tax reliefs to be treated like spending for accountability and scrutiny purposes.¹⁴

Net liabilities have risen over the past five years, to £2.14tn.



Just as tax expenditures are underappreciated when considering revenue and expenditure, so the balance between assets and liabilities is a relatively overlooked part of the Government's overall financial management. The Government oversees a large portfolio of assets (e.g. buildings, roads, loans and deposits, equity investments) and liabilities (e.g. government financing and borrowing, public sector workers' pensions), and the gap between the value of these two – the net liability – has implications for future generations of taxpayers, who will bear the cost of meeting these obligations.

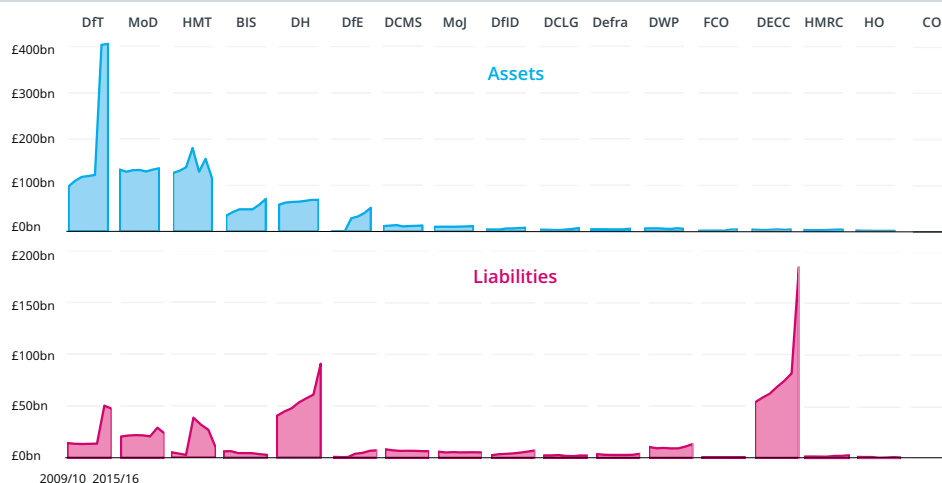
Liabilities increased from £2.48tn in 2010/11 to £3.6tn in 2014/15. The largest components are pension liabilities (£1.5tn) and government financing and borrowing (£1.2tn). Net liabilities in 2014/15 were 165% of total assets, up from 98% in 2009/10.

The long-term nature of liabilities can make discussions around the Government's balance sheet feel more remote than more immediate concerns about annual budgets. However, they do have a bearing on current policy choices. The Coalition government justified legislation to accelerate the increase in the state pension age and changes to the pensions of public sector workers, on the grounds that an ageing population was making the pension liability increasingly unsustainable.¹⁵ This is an example of concerns about long-term liabilities on the Government's balance sheet having a direct impact on public policy.

The cost of some liabilities, such as financing and borrowing, is dependent on moves in long-term interest rates. If the economy moves out of the period of low interest rates that has prevailed since 2008, for example in response to a rise in inflation, borrowing costs could increase, leading to a further widening in net liabilities.

Assets and liabilities are concentrated in HMT, MoD, DfT, DH, DfE and (before they were abolished) BIS and DECC.

Departmental assets and liabilities, 2009/10 to 2015/16



Source: Institute for Government analysis of departmental Annual Reports and Accounts, 2009/10 to 2015/16.

Assets are concentrated in six departments – DfT, MoD, HMT, BIS (as was), DH and DfE. DfT, MoD, HMT and DH also hold most of the departmental liabilities, along with DECC (as was).¹⁶ The sharp increase in DfT’s assets and liabilities since 2014/15 is the result of the decision by the Office for National Statistics (ONS) to reclassify Network Rail from the private to the public sector (which took effect in September 2014).¹⁷ The main consequence of this was to bring the company’s debt and any future borrowings on to the public sector balance sheet. In 2015/16 DfT assets were £406bn and liabilities £47bn.

DECC’s large and growing liabilities were due to changes to the value of the provision for nuclear decommissioning costs and the inclusion of Contracts for Difference. (These are designed to encourage investment in new, low-carbon power plants to help decarbonisation targets, and they last for 12 to 15 years.) The liability for decommissioning the nuclear estate was £160bn in 2015/16, up from £70bn in 2014/15. The significant increase in the valuation of nuclear decommissioning provisions was caused by changes to HMT discount rates.¹⁸

DH’s increasing liability is primarily driven by provisioning for clinical negligence, which was £56.1bn at the end of 2015/16, having increased by £27.8bn over the preceding year. The majority of this increase (£25.4bn) related to the same changes in HMT discount rates that affected DECC’s liabilities.¹⁹ Long-term liabilities, like negligence claims and decommissioning costs, are sensitive to even small fluctuations in the discount rate prescribed by HMT.

It is still more difficult to follow changes to spending plans at HMT and HMRC than anywhere else.

Transparency of departmental spending plans, 2011/12 to 2015/16

Department	2011/12	2012/13	2013/14	2014/15	2015/16	Overall Rank
DCMS	Green	Green	Green	Green	Green	1
DECC	Green	Green	Green	Green	Green	2
DH	Green	Green	Green	Yellow	Green	3
FCO	Yellow	Green	Green	Yellow	Green	4
Moj	Green	Green	Green	Yellow	Yellow	5
BIS	Green	Yellow	Orange	Green	Yellow	6
DfE	Green	Yellow	Green	Yellow	Yellow	7
DfT	Yellow	Green	Yellow	Yellow	Yellow	8
DWP	Yellow	Yellow	Yellow	Yellow	Yellow	9=
DfID	Red	Yellow	Yellow	Yellow	Yellow	9=
MoD	Yellow	Yellow	Yellow	Yellow	Yellow	11
HO	Red	Green	Green	Yellow	Yellow	12
Defra	Green	Yellow	Yellow	Yellow	Green	13
CO	Red	Yellow	Yellow	Green	Yellow	14
DCLG	Red	Green	Yellow	Yellow	Yellow	15
HMRC	Red	Red	Red	Red	Red	16
HMT	Red	Red	Red	Red	Red	17

Source: IfG analysis of Budgets 2010-15; Spending Review 2010, 2013 and 2015; and Annual Reports 2011/12 to 2015/16, with reference to other financial reports.

There may be good reasons for departments' spending plans changing between the original figure set out at a Spending Review and subsequent figures produced at Budgets, and the final outturn in the department's Annual Report. We can track changes relatively easily through these fiscal publications, but understanding why they were made – whether they represent additional funding, savings or transfers to other departments – is often much more difficult.

For each financial year, we compared the original spending plan (from the most recent Spending Review) with every revised plan for that year (in annual Budget documents and the department's Annual Report and Accounts). We graded each department according to whether changes were explained and where this explanation appeared (i.e. was this in the document where the change occurred?), and then ranked the departments based on their average transparency rating over the period 2011/12 to 2015/16.

DCMS ranks highest, with no significant differences in spending plans between fiscal documents over the period. DECC comes second: over the course of its relatively short lifespan (created in 2008, abolished in July 2016), it was the only department to explain all spending changes inside the document in which the change was first recorded.

HMRC and HMT – the department responsible for producing Spending Reviews and Budgets – are at the bottom of the table because of inconsistencies in the way their spending is reported. At Spending Reviews and in Annual Reports and Accounts, separate figures are reported for HMT and HMRC, but in Budget documentation, HMT and HMRC are combined as the 'Chancellor's Departments', making it impossible to compare HMT and HMRC spending across different fiscal documents. In Budget 2016, however, the two departments have been accounted separately, a commendable improvement that will be reflected in next year's *Whitehall Monitor* rankings.

DfID has not published figures for RDEL depreciation in its Annual Reports since 2011/12, and HMT, HO and DCLG failed to account for it this year; this makes it impossible to compare outturn with the original spending plans and therefore contributes to lower rankings.



4 Controlling public spending

Departments manage their resources in different ways – direct management, sponsorship of arm’s-length bodies (ALBs), system and grant funding, and markets and contracting – which have implications for their ability to control spending.

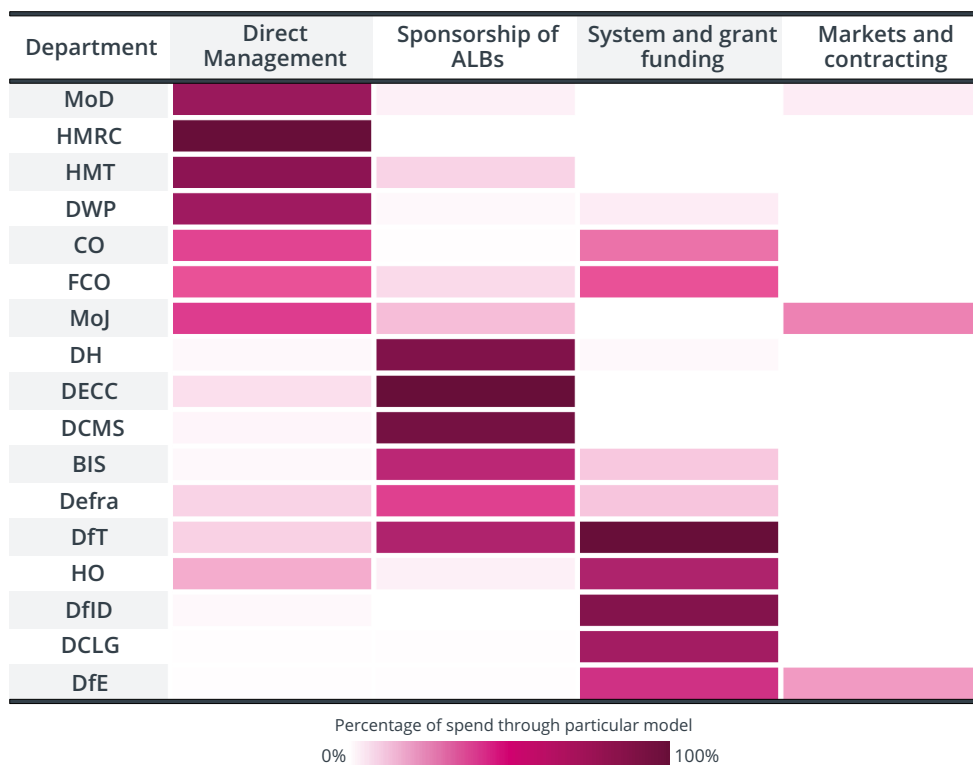
While most departments have a single dominant resource management model, spending is often allocated through more than one channel.

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How departments manage their resources differs markedly across Whitehall.

How government departments controlled their spending, 2015/16



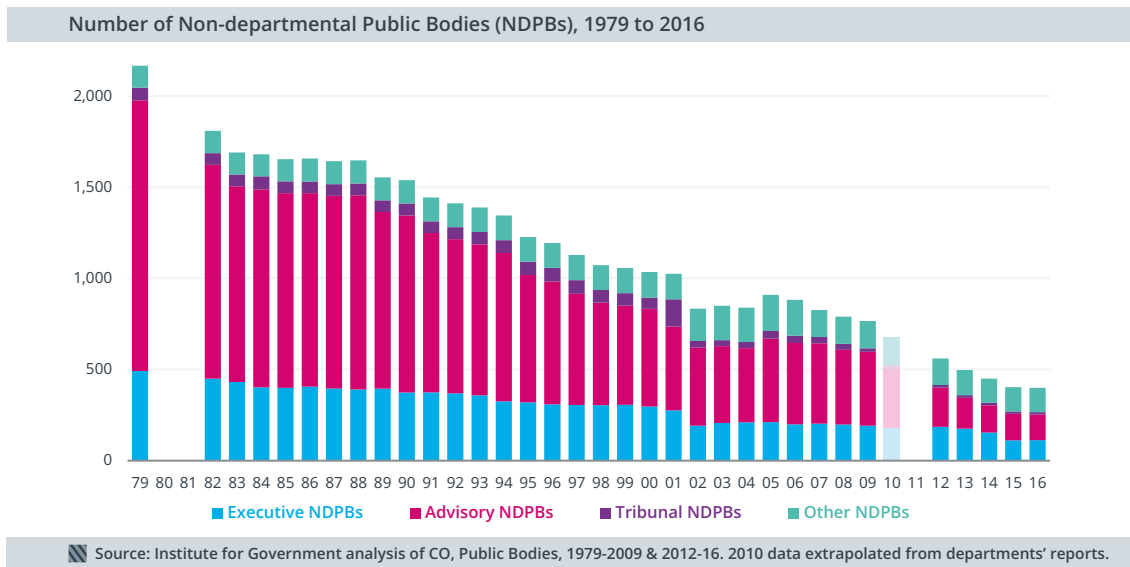
Source: IFG analysis of HMT, OSCAR, and Departmental Annual Reports and Accounts. Indicative, covering 85%-90% of spending.

Direct management

Some Whitehall departments have direct control over how resources are deployed via line management of staff, and provide services directly to the public. For example, DWP runs job centres, while MoD spending on pay and pensions for civilian and military staff is a considerable part of its budget and directly managed. Even in mainly directly managed departments, some spending runs through other models: for example, the Debt Management Office handles the issuing of UK government bonds for HMT, and Defence Equipment and Support (DE&S) manages a vast range of complex projects to buy equipment for MoD.

Sponsorship of ALBs

Some departments pass resources to bodies they do not directly manage but whose objectives and governance they set and oversee. DCMS channels its spending through a range of bodies covering the arts (e.g. Arts Council England) and sport (e.g. Sport England). Since the Health and Social Care Act 2012, most of DH's spending is through NHS England and Public Health England.



Many governments come to power promising a 'bonfire of the quangos', and the number of non-departmental public bodies (NDPBs) has fallen considerably: from 2,167 in March 1979 to 399 in March 2016. ALB reform should be more than a numbers game, and indeed, the Coalition introduced other reforms around accountability and efficiency.¹

Theresa May's machinery of government changes in July shifted the oversight of some ALBs: BEIS inherited oversight of 27 NDPBs, four non-ministerial departments, six executive agencies and eight other bodies; DfE inherited eight NDPBs and one executive agency on top of what it was already responsible for; and ministers at DIT are now responsible for UK Export Finance and its NDPB, the Export Guarantees Advisory Council.²

System and grant funding

Departments can directly award discretionary grants to individuals or organisations, or provide resources for a set of bodies in the wider public sector which they do not directly manage or sponsor. DCLG provides grant funding to local authorities, which in turn is used to fund local services. HO grant funding for the police is the largest single component of overall police budgets. Defra disburses EU funds for agriculture, which accounts for 51% of all EU spending in the UK. The UK Government has guaranteed this funding up to 2020, but there is still uncertainty about this part of Defra's spending beyond 2020.³

The NAO has previously concluded that 'there is no central good practice guidance and limited central data to support departments in implementing efficient and effective grant programmes'.⁴ Levels of information and transparency were described as varying across departments. This was reflected in the NAO's report into the high-profile collapse of the charity Kids Company, which had been in receipt of government grants; the report highlighted the different levels of rigour CO and DfE applied to their assessments of the charity. The Government has committed to opening up more grants data as part of its Open Government National Action Plan for 2016-18.⁵

Markets and contracting

Whitehall can directly procure or commission others to act on the Government's behalf. Since 2010 MoJ has extended its use of contracting to cover probation services and electronic tagging. The continued expansion of academies has led to a growing transition in DfE's resource model towards funding schools directly. As the number of academies expands, the shift away from funding via grants to local authorities will continue.

The growth of private contracting has generated concerns about the ability of departments to negotiate and monitor costs. In 2013 the MoJ became aware that two contractors (Serco and G4S) had over-billed the department in relation to contracts worth £722m.⁶ This prompted a wider review of commercial contracts across a number of departments that exposed similar issues. As the Institute for Government has previously argued, timely and regular publication of key government outsourcing data would complement the big-bang accountability (or 'scandal accountability') of parliamentary hearings, and help avoid failures in the first place.⁷



5 Passing legislation

The Conservative Government is passing less primary legislation than its Labour predecessors, continuing the pattern established under the Coalition. But Brexit will significantly increase the UK's legislative load.

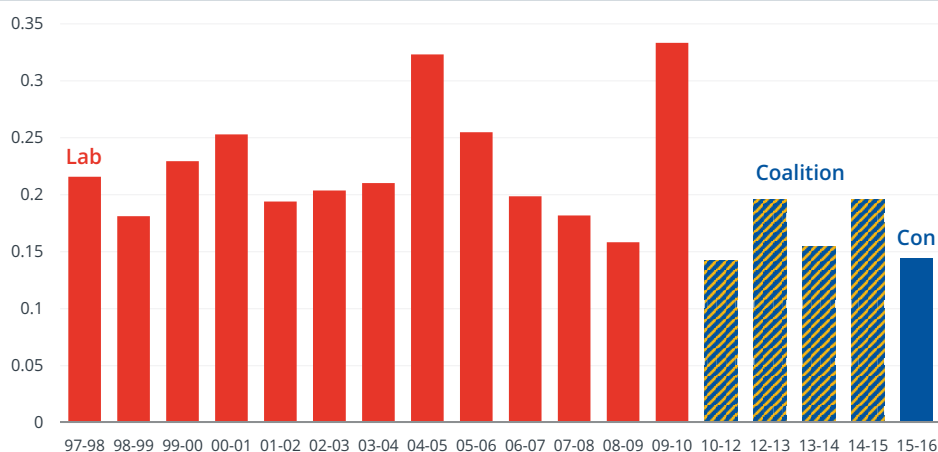
Some departments that are not used to passing legislation – notably Defra – might have to get used to it quickly. Subjects previously dealt with via secondary legislation, such as EU directives, could also add to the primary legislative load on Parliament.

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One government bill passed into law every seven sitting days in the 2015-16 session.

Number of government bills receiving Royal Assent per sitting day by session, 1997-98 to 2015-16



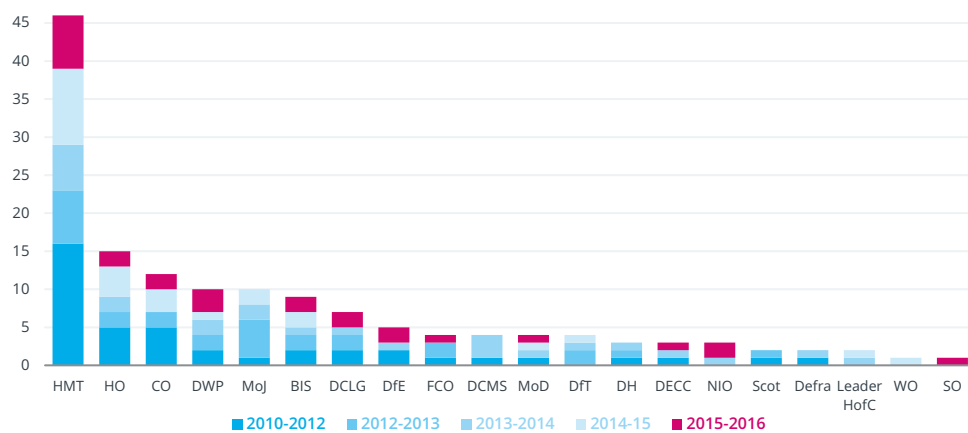
Source: Institute for Government analysis of <http://services.parliament.uk/bills> and House of Commons Sessional Returns.

In its first year, the Conservative Government saw 23 of its bills pass into law, an average of 0.14 every sitting day, or one for every seven days Parliament sat. This is the second-lowest number (per sitting day) since 1997, and signals a continuation of the trend established under the Coalition, which passed fewer bills than its Labour predecessors (121 in the 2010-15 parliament, compared with 139 in the 1997-2001 parliament, 126 in 2001-05, and 157 in 2005-10).¹

Both the current Government and the Coalition government had more constraints on their ability to pass legislation than their Labour predecessors. Under the Coalition, bills had to be agreed between the two ruling parties before they went to Parliament.² The Conservative Government elected in 2015 has a small majority, so must ensure it has the backing of its whole party if it wants a piece of legislation to pass. This is no bad thing – it is important that government prioritises, and focuses on what it really wants to achieve and will be able to implement – although Brexit means Parliament might have to get used to a heavier load again.

HMT is responsible for the most bills that become law; Brexit will increase the legislative load for some departments unused to passing primary legislation.

Number of government bills receiving Royal Assent by department, 2010/12 to 2015/16



Source: Institute for Government analysis of <http://services.parliament.uk/bills>.

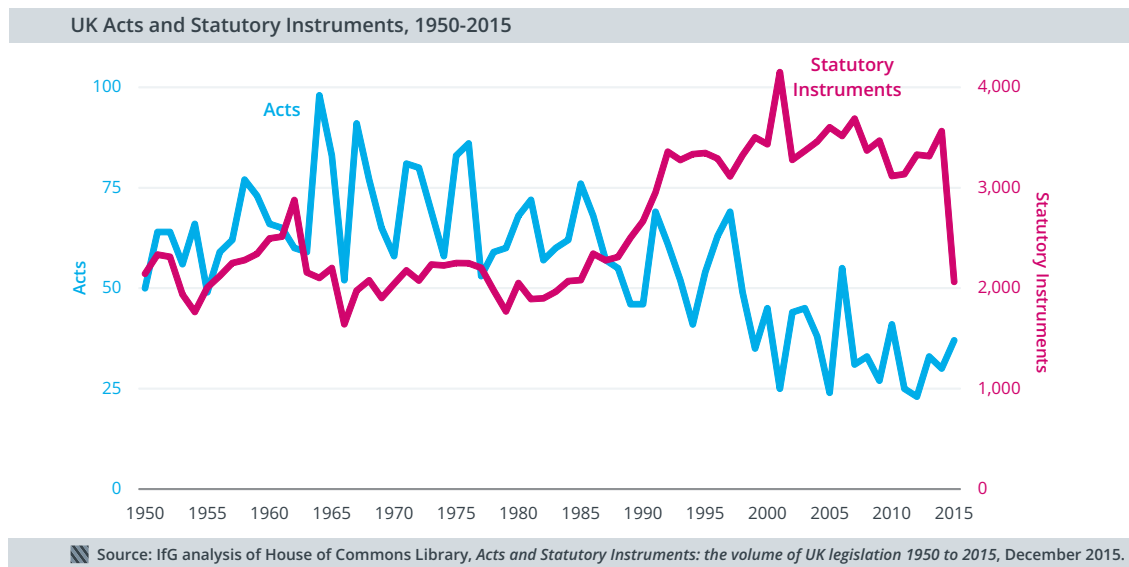
The work of legislating does not fall evenly across departments. Since the 2010-12 session, HMT has been responsible for the most government bills that became law (46). Only four other departments (CO, HO, MoJ, DWP) were responsible for ten or more bills that became acts in that time.³ Defra was responsible for only two.

Brexit will have a significant impact on the UK's legislative landscape, and shift this legislative load. Departments with areas of responsibility currently covered by EU law – such as environmental regulation, workers' rights and the regulation of financial services – will see their workload increase as laws have to be transferred on to the UK statute books. For example, Clare Moriarty, Permanent Secretary at Defra, has written that around a quarter of EU laws (1,200) relate to Defra, while George Eustice, Minister for Agriculture, Fisheries and Food, in answer to a written parliamentary question, added that 'Defra is the domestic department most affected by EU exit, with some 80% of our work framed by EU legislation'.⁴

Where the burden falls will also depend on the post-Brexit deal the UK makes with the EU. An end to freedom of movement, for example, would require the Home Office to write a new, potentially complicated immigration system into law. Such departments will have to raise their level of legal expertise accordingly.

Theresa May has announced her intention to pass a Great Repeal Bill before Britain exits the EU, transferring EU legislation into UK law where practical, allowing government to unpick or amend that legislation in its own time – although even this is proving more complex than expected.⁵ Parliament will have to get used to dealing with a heavier legislative load – and government will have to work even harder to prioritise, to make the most of the parliamentary schedule.

Most of our laws are made through secondary legislation, not acts of Parliament.



Legislation does not just consist of acts of Parliament (primary legislation). Acts often empower the government to 'fill in the detail' through secondary legislation – most commonly through statutory instruments (SIs). These can be accepted or rejected by Parliament, but not amended.

SIs make up the bulk of the UK's legislative activity: in 2015, there were 2,063 SIs laid before Parliament, and only 37 acts. The drop in SIs compared to previous years can partly be explained by 2015 being an election year – there is less parliamentary time, and more secondary legislation can be expected once a new government has presented its primary legislation.

The number of SIs passed each year has been increasing since the 1980s, while acts of Parliament have become less common. There are a number of possible explanations for this. The increase in SIs partly reflects the increasing complexity of our benefits system, which is often amended through secondary legislation. It might be that, since the 1980s, governments have put more 'skeleton bills' through Parliament, giving them more power to determine the details of the legislation through regulations.

EU membership has also been a key reason for the growing number of SIs, as EU directives are given effect in UK law through secondary legislation. There will be calls for some of these laws to be brought into primary legislation, so that Parliament can have a full say in new legislation on issues such as financial and environmental regulation.



6 Delivering major projects

Government has reduced the number of major projects it manages, but – given the need to prioritise what it does – there are still too many. The cost of projects is increasing, and confidence that they will be delivered successfully is in decline. Infrastructure projects receive better ratings than information and communications technology (ICT) or transformation projects. Some departments – notably MoD – have more, and more costly, projects than others.

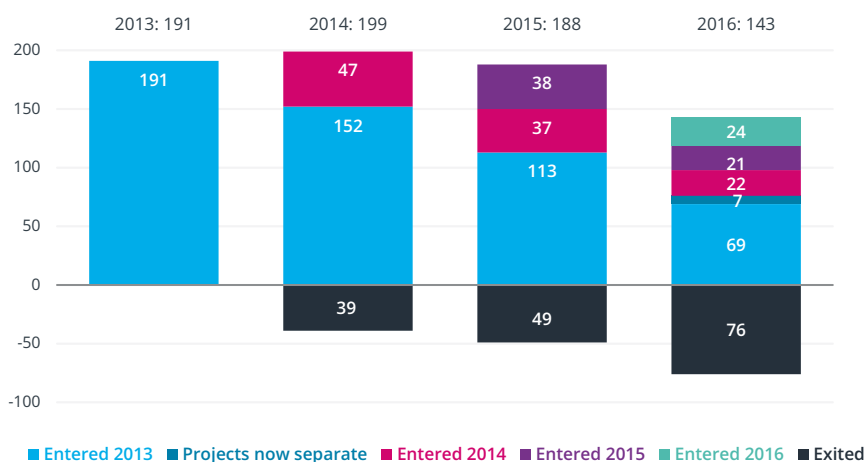
The Infrastructure and Projects Authority (IPA) has oversight of a number of major projects, which departments manage alongside their day-to-day operations, and awards each a delivery confidence RAG (red/amber/green) rating. These projects range from updating computer systems at HO to building high-speed rail systems at DfT.

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The Government has reduced the size of the major projects portfolio, but more work needs to be done.

Size of Government Major Projects Portfolio, 2013-16



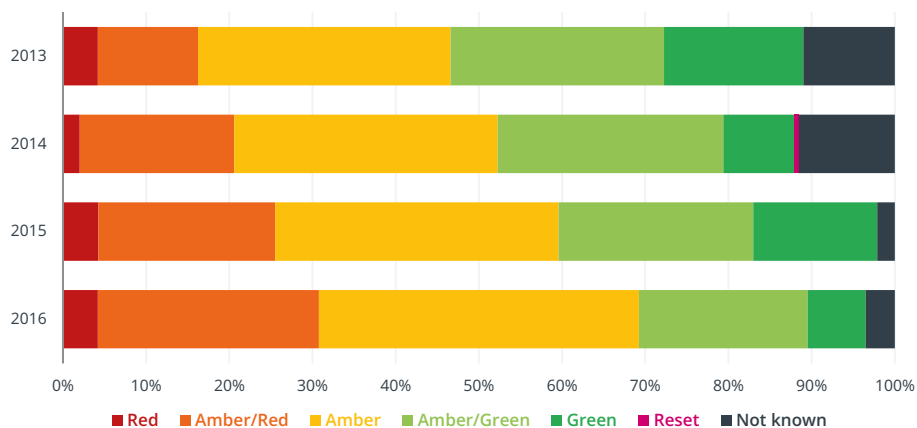
Source: IfG analysis of Infrastructure and Projects Authority annual reports, 2013-16. Data in each report as of previous September.

The IPA has reduced the number of projects it oversees, from 188 in 2015 to 143 in 2016. However, the chief executive of the civil service, John Manzoni, has said that the civil service is 'doing 30% too much to do it all well'.¹ Crudely, taking 2015 as a baseline, this would mean the IPA overseeing 132 projects worth £342bn, and not 143 projects valued at £405bn. The rate of decrease in 2016 has been particularly great, but also reflects the fact that 45% of new projects in 2015 left the portfolio after one year – a far higher proportion than in previous years. (Most projects leave the portfolio because they have completed or become business as usual, although the IPA does not publish the reasons on a project-by-project basis.)²

The total value of projects being managed (excluding those that are exempted) has also decreased (from £489bn in 2015 to £405bn) but remains higher than in 2013 (£354bn). The average value of a project in 2016 was higher than in any previous year on record: £2.83bn as against £2.6bn (2015), £2.45bn (2014) and £1.85bn (2013). New projects in 2016 included £29bn on a new model for managing the Sellafield nuclear decommissioning site and £7bn on MoD's Future Beyond Line of Sight project (which covers satellite networks).

The proportion of at-risk projects is increasing.

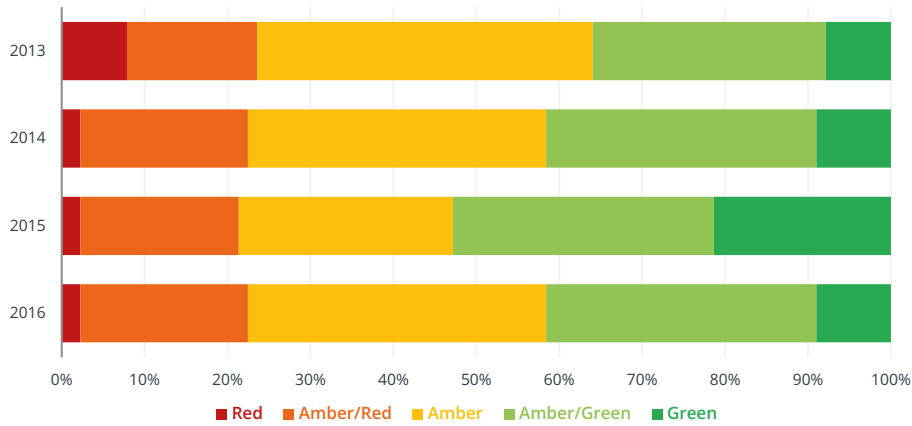
Delivery confidence rating of all projects in Government Major Projects Portfolio, 2013-16



Source: IfG analysis of Infrastructure and Projects Authority annual reports, 2013-16. Data in each report as of previous September.

The proportion of projects rated red and amber/red across the portfolio, in terms of confidence as to whether they will be delivered on time and within budget, has been increasing since 2013. In 2016, 31% of projects were rated red or amber/red. This may be due to inherently riskier new projects entering the portfolio; indeed, new projects in 2016 were riskier than those in the previous three years, with 43% of new projects being rated red or amber/red.³

Delivery confidence rating of projects rated in all Infrastructure and Projects Authority annual reports, 2013-16



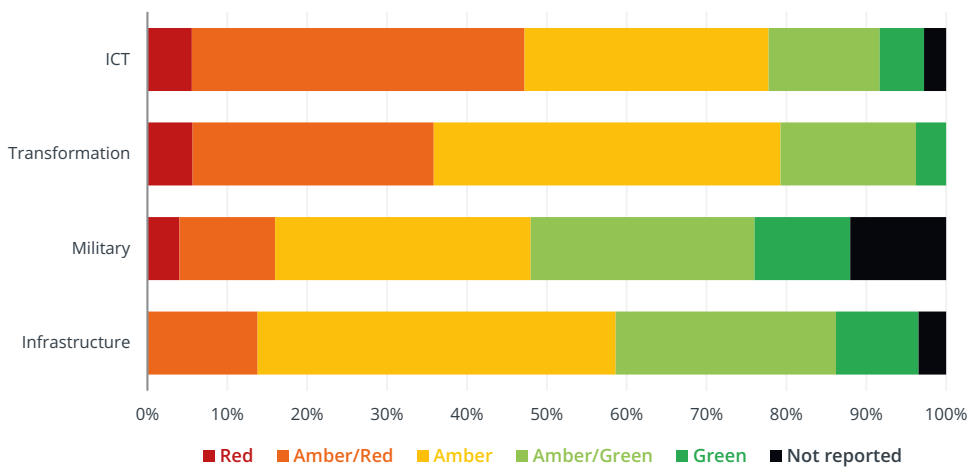
Source: IfG analysis of Infrastructure and Projects Authority annual reports, 2013-16. Data in each report as of previous September.

However, confidence in projects that have been in the portfolio since 2013 has decreased for the first time. Although the percentage rated red or amber/red has held steady, the percentage rated amber has increased and that rated green has decreased. This may be because the portfolio size has decreased, leaving more complex projects behind.

Of the two projects in the portfolio since 2013 that were red-rated in 2016, one – MoJ’s Electronic Monitoring (tagging of offenders) – has declined from amber in 2013, while the other, DfT’s Shared Services Futures (centralising functions such as finance, HR, payroll and procurement), has been red since 2013. The low confidence ratings in projects in the portfolio since 2013 suggest the IPA’s assessments are not succumbing to grade inflation. However, most projects rated red or amber/red in 2013 have improved over time (five are amber/green, eight amber, four amber/red and one red).

ICT and transformation projects are rated as riskier than infrastructure projects.

Delivery confidence rating of all projects in Government Major Projects Portfolio by project category, 2016

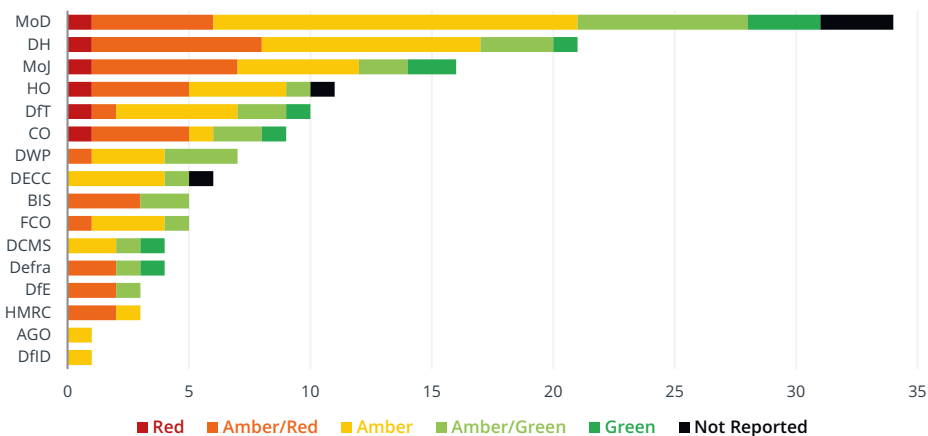


Source: IfG analysis of underlying project category data behind IPA, annual report, 2016. Categories indicative and have changed over time.

In its annual report, the IPA breaks down projects into four different types: transformation, ICT, military and infrastructure. These categories are only indicative and have changed over time, but are nonetheless useful. Nearly half of ICT projects were rated either red or amber/red, compared to only 31% of the 143 projects in the portfolio as a whole. ICT projects included HO's Immigration Platform Technologies and Digital Services at the Border, both of which were rated amber/red (and could be affected by Brexit). Confidence in infrastructure projects being delivered on time and within budget is much higher: none of this group was rated red in 2016.

Major projects are more concentrated in certain departments...

Number of major projects by departmental group, with delivery confidence rating, 2016

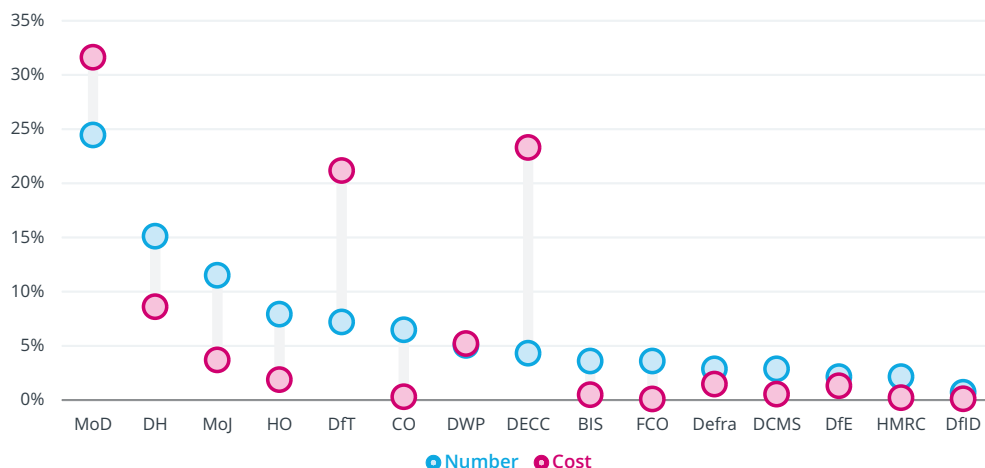


Source: IfG analysis of Infrastructure and Projects Authority, annual report, 2016. Data as of September 2015.

MoD (34), DH (21) and MoJ (16) have more projects than any other departments, which is broadly similar to the pattern in 2015.⁴ While these departments have some red or amber/red projects, others – such as HMRC – with a relatively small number of projects, have a high proportion that are low-confidence rated. DCLG and HMT have no major projects in 2016.

...and some departments have many low-cost projects, while others have fewer but at much greater cost.

Total value and number of major projects, as percentage of whole portfolio, by departmental group, 2016

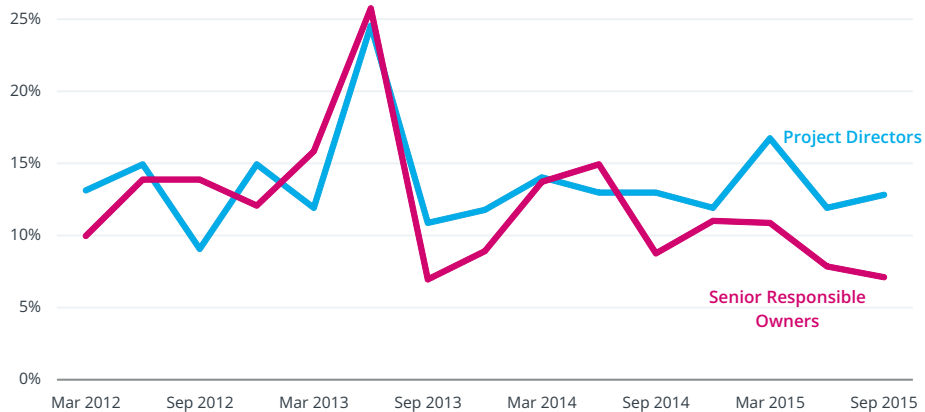


Source: IfG analysis of Infrastructure and Projects Authority, annual report, 2016. Data as of September 2015.

In 2016, MoD managed 24% of the total major projects portfolio by number, but 32% of the total by cost, the largest of any department. Similarly, DECC managed only 4% by number but 23% by cost, largely because of the costs related to nuclear generation at Hinkley Point and decommissioning at Sellafield. DfT also manages more of the portfolio in terms of value than number of projects. Some departments, then, may not have experience of running many major projects but are responsible for projects worth billions of pounds.

Turnover of major project leaders is high but in decline.

Turnover of major project Senior Responsible Owners and Project Directors, Mar 2012 – Sep 2015 (quarterly)



Source: IFG analysis of data extracted from Infrastructure and Projects Authority 2016 annual report using WebPlotDigitizer.

Keeping the right people in place is essential to successfully delivering projects.⁵ Turnover of senior responsible owners (SROs) of major projects has declined between June 2013, when one in four SROs changed in the previous quarter, and late 2015. However, turnover of project directors remains around one in eight per quarter. It is unclear whether high SRO turnover causes low RAG ratings, or results from them.

Data on turnover since 2015 could help clarify this point. The IPA started publishing quarterly updates on SROs, but has not published any updates since January 2016 (with data as of September 2015). The IPA's publications offer good examples of transparency – the annual reports are welcome, and show that performance data is not something government should be afraid of – while also having room for improvement (some data is not published openly in the reports, such as reasons for projects leaving the portfolio, or for the classification of certain projects).



7 Communicating transparently

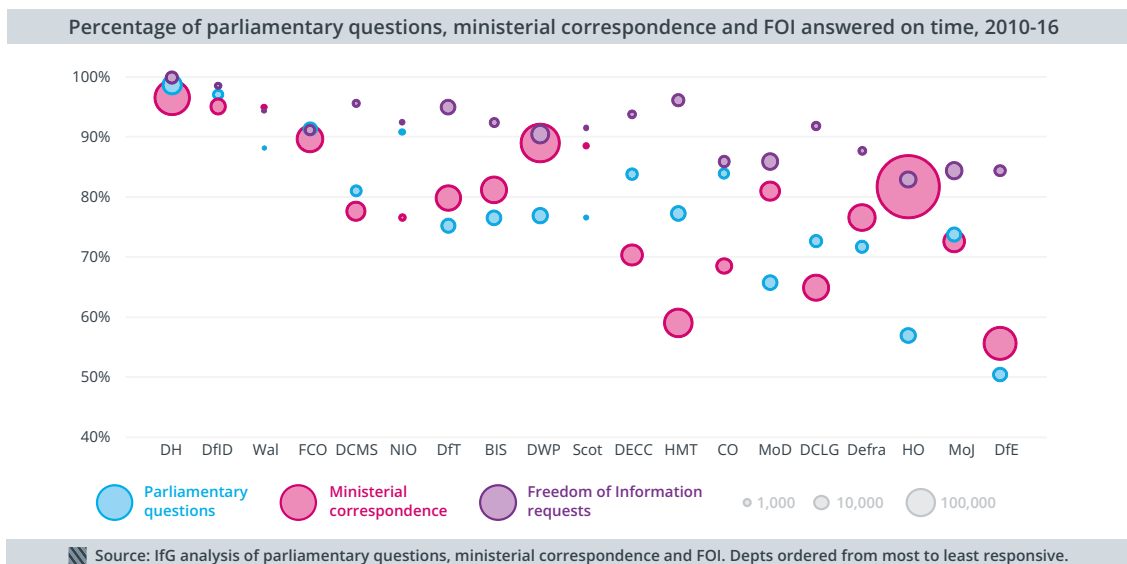
Despite David Cameron’s commitment to the open government agenda, between 2010 and 2016 many departments failed to answer information requests or publish key transparency releases on time (if at all), while becoming more likely to withhold information in response to Freedom of Information (FoI) requests. Theresa May’s Home Office was one of the worst-performing departments in some of these areas.

Communicating transparently with Parliament and the wider public is an important part of departments’ work; it ensures they can be held accountable for their actions, and is also an indicator of administrative competence. Departments communicate in a number of ways: through FoI requests, correspondence with ministers, answering parliamentary questions and – since 2010, when Cameron committed the Coalition to making government more open and more accountable – mandated publication of important financial and organisational data.¹

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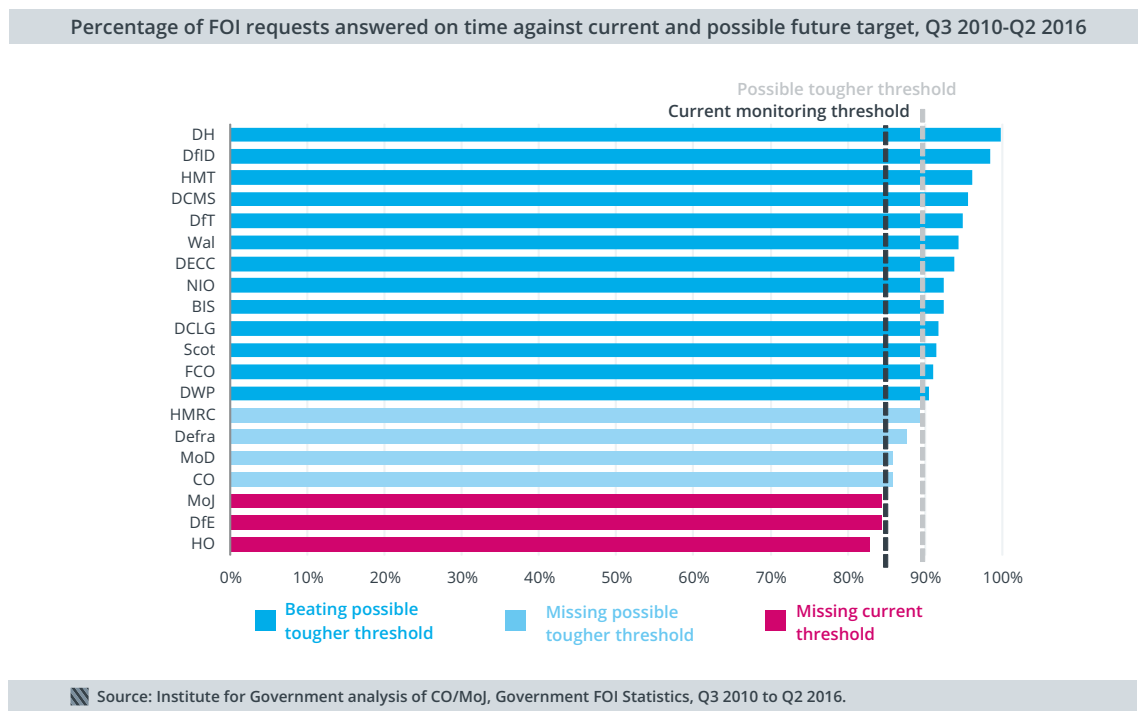
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May’s Home Office was among the worst-performing departments in responding to requests for information on time.



The Home Office under Theresa May was consistently poor at responding to different types of information request, scoring worst of all departments for FoI and second-worst for parliamentary questions. It did receive a high volume of requests in all categories; it had more ministerial correspondence than any other department, with more than 300,000 pieces between 2010 and 2015 (where it was a decent sixth-best at responding on time). It ranked third in volume terms for parliamentary questions and fourth for FoI, but there is no apparent correlation between volume and timeliness for any type of request – and those departments with a high volume should ensure they have the capacity to deal with it.

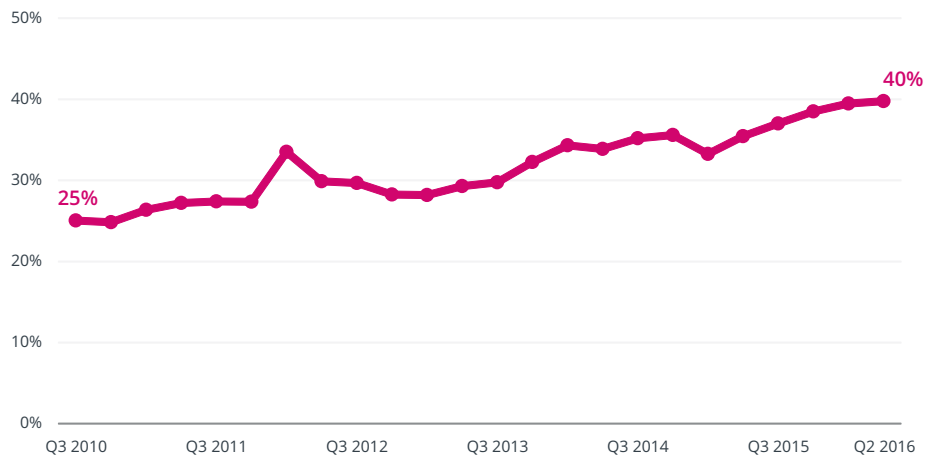
DfE came bottom of our ranking, but was largely dragged down by its performance at the start of the parliament: for example, it answered only 18% and 23% of parliamentary questions on time in 2010-12 and 2012-13, but has answered more than 90% on time in each session since. DH and DfID have been consistently good at responding to requests on time since 2010. Departments were generally slower at responding to ministerial correspondence than to FoI or parliamentary questions.



Closer inspection reveals that HO was one of only three departments (the others were DfE and MoJ) that responded to under 85% of FoI requests on time in total between the third quarter of 2010 and the second quarter of 2016. This is the current target for timeliness, below which departments can be subject to special monitoring. The new Information Commissioner has mooted a possible tougher threshold of 90% timeliness; the Cabinet Office would be one of four additional departments to fall short of this, despite being responsible for government FoI policy.²

Departments have become less transparent since 2010 and have not consistently fulfilled their requirements.

Percentage of FOI requests fully withheld, total for all government departments, Q3 2010-Q2 2016



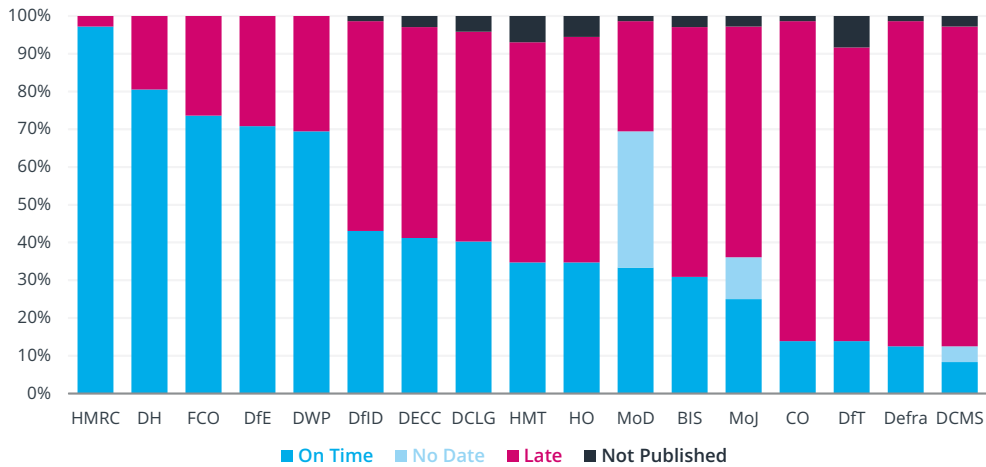
Source: Institute for Government analysis of CO/Moj, Government FOI Statistics, Q3 2010 to Q2 2016.

Timeliness of response is a useful measure of administrative competence, but the amount of information released is a better indicator of transparency. In terms of FOI, government departments have become more protective of their information, withholding all information in response to 40% of FOI requests in Q2 2016, as against 25% in Q3 2010. The same trend is seen across all monitored government organisations: 37% of requests were fully withheld in 2016, against 25% in 2010.

The Home Office withheld all information in response to 25% of requests in Q3 2010, and 40% in Q2 2016. Even relatively open departments such as DH and DfID increased the proportion of requests for which information was fully withheld. There may be good reasons for not releasing information. The Freedom of Information Act provides a number of exemptions – between 2010 and 2016, requests withheld because of the personal data exemption rose by 25%, for example. Nonetheless, this retrenchment is not encouraging.

FOI is not the only aspect of government transparency we can measure. David Cameron wrote to all departments shortly after becoming Prime Minister in 2010, encouraging greater transparency involving the release of data, and set some specific commitments. One of these was publishing monthly expenditure over £25,000 (according to HMT, by the end of the following calendar month – in our analysis, we've given departments a few days' grace beyond that).³

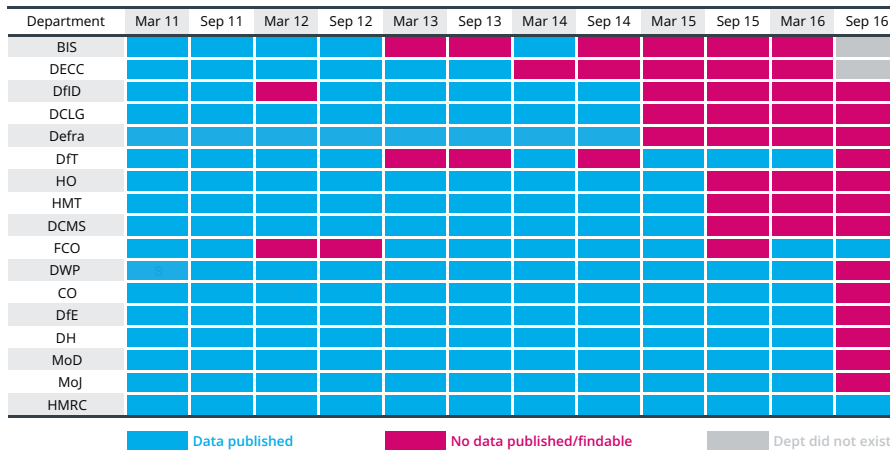
Percentage of monthly releases of spend over £25,000 published on time, November 2010 – October 2016



Source: IfG analysis of GOV.UK and data.gov.uk, monthly spend over £25,000 releases, November 2010 – October 2016.

Altogether, 51% of these monthly releases were published late, and 3% were not published at all. The Home Office again performed relatively poorly; between November 2010 and October 2016, 35% of its monthly releases were published within the time set by HMT. The Cabinet Office, DfT, Defra and DCMS published under 20% of their releases on time; notoriously, CO – responsible for government transparency policy – published some of its spend data, 13 months late, only after FoI requests from the open data start-up Spend Network.⁴ Just five departments – HMRC, DH, FCO, DfE and DWP – definitely published more than 50% of their data on time. DfT, HMT and HO failed to publish more than 5% of their spending data at all.

Publication of departmental organograms, March 2011-September 2016



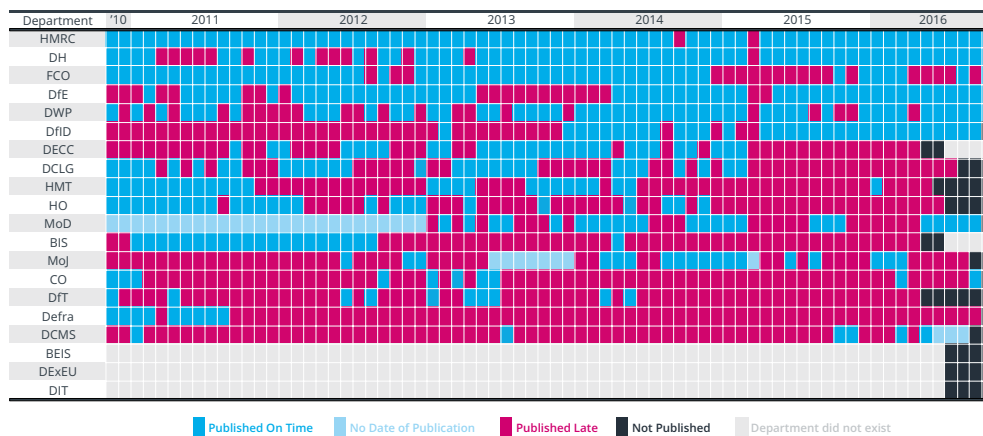
Source: Institute for Government analysis of data.gov.uk and GOV.UK, departmental organograms. Final data collected 9 December 2016.

Departments' records in publishing their organograms – detailed lists of employees, their pay and their seniority – are better, but still patchy in some cases and have worsened over the past couple of years. For March 2011, all departments published some data in some form; for March 2016, eight departments failed to publish any data. BIS, DECC (both now abolished), and DfID are among the worst performers, with HMRC and DH among the best (as with data for expenditure over £25,000).

Encouragingly, data.gov.uk has recently revamped its system for publishing this data, making it easier for departments to do so.⁵ However, even where organograms and spend data have been published, there are problems: the organogram data has inconsistencies over time (e.g. the names of units within departments), and between it and other datasets (e.g. the ONS on professions of civil servants), while our previous work with Spend Network has shown that some spend data is not recorded. There is also a lack of clarity about how government organisations are defined and about which private companies are ultimately benefiting from government contracts.⁶ All of this suggests departments are not 'dogfooding', or using their own data, to understand their operations better and ultimately improve them.⁷

It is unclear how transparent the May Government will be – and new departments need to get up to speed quickly.

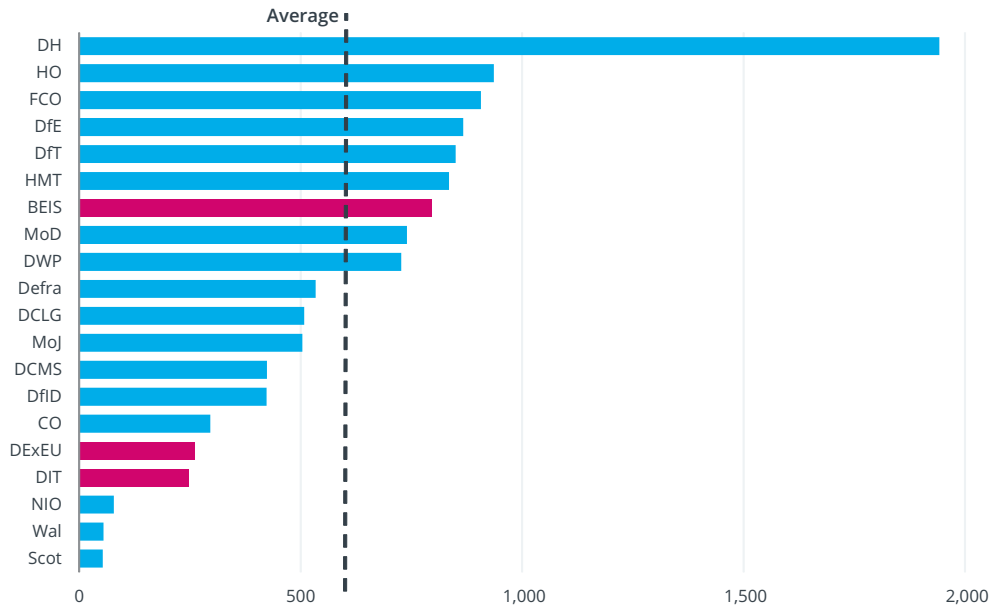
Departmental publication of £25,000 spend, November 2010 – October 2016



Source: IfG analysis of GOV.UK and data.gov.uk, monthly spend over £25,000 releases, November 2010 – October 2016.

As departments divert resources towards planning for Brexit, there is a risk that transparency could drop down the agenda. In addition to organogram publication tailing off, some departments have stopped publishing expenditure data over the past few months; since the June referendum, DfT, HMT, HO and DCLG have failed to publish at least three months' data, and no monthly releases have yet been published for DExEU, DIT or BEIS (as of December 2016).

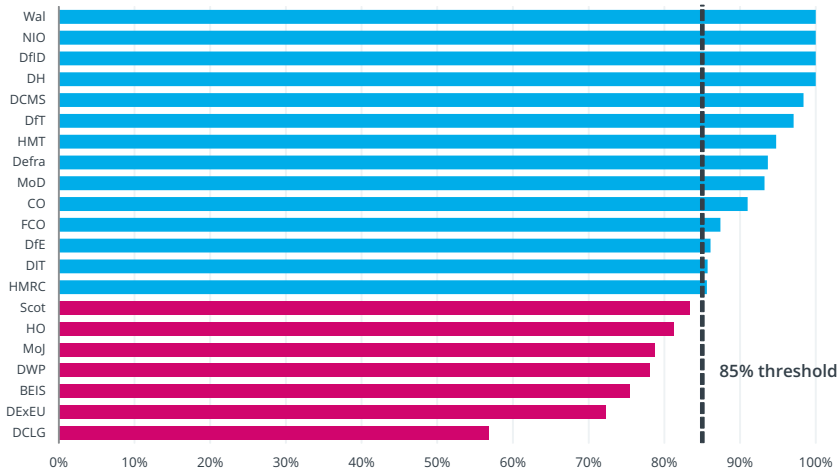
Number of parliamentary questions received by departments, 1 September 2016 – 30 November 2016



Source: Institute for Government analysis of data.parliament.uk, parliamentary questions, 1 September – 30 November 2016.

The departments created in July 2016 – DExEU, DIT and BEIS – will need to get used to responding to information requests as well as publishing their transparency data. Parliamentary questions are already being asked, although since the end of the summer recess, only BEIS has received more parliamentary questions than the government average. DIT and DExEU have so far received fewer questions than any other departments apart from the territorial offices. DExEU received fewer parliamentary questions in November than October, although the volume received by BEIS and DIT has been climbing since September.

Timeliness of responses to Freedom of Information requests, Q3 2016 – with ICO's 85% threshold



Source: Institute for Government analysis of Cabinet Office, Government FoI Statistics, Q3 2016.

The new departments received few FoI requests in their first quarter – BEIS had 195, DExEU 54 and DIT 42. But DExEU (72%) and BEIS (75%) both fell below the 85% timeliness threshold, and DIT (86%) was just above it. DExEU and BEIS in particular need to get better at responding on time, or risk special monitoring by the Information Commissioner.⁸



8 Accounting for performance

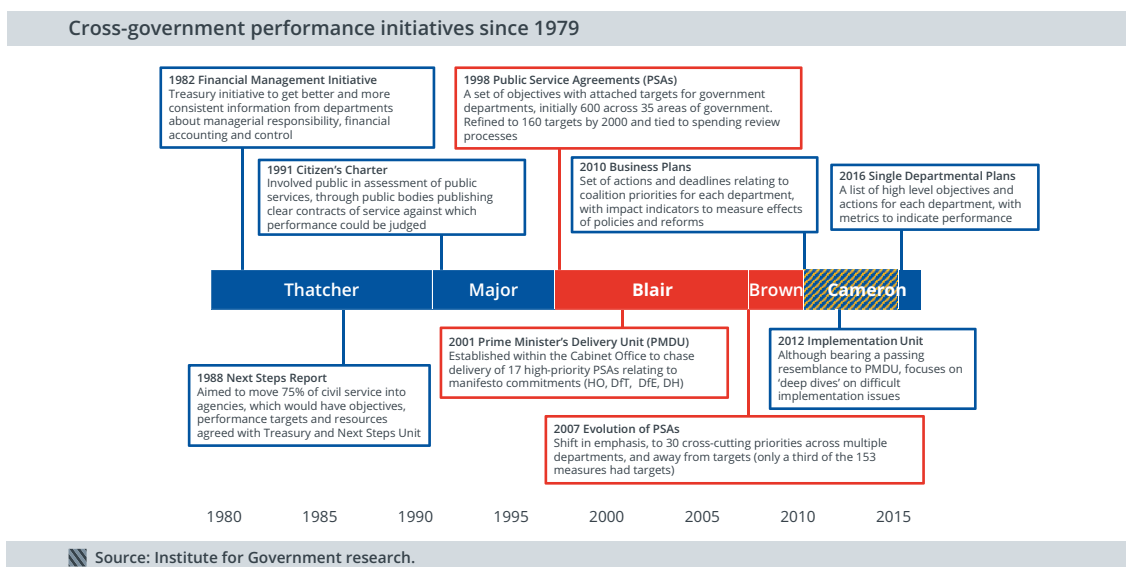
Departments and their leadership should have a clear sense of their priorities, against which they can manage their resources and measure their performance. They don't.

With the new challenge of Brexit, and pressures building up in public services, it is more important than ever that government manages its performance effectively. Sadly, both the Single Departmental Plans (SDPs) and the most recent crop of Permanent Secretary Objectives (PSOs) mark a step backwards. The published SDPs are little more than a laundry list of nice-to-haves, while the PSOs have returned to their previous form: Christmas trees on which all sorts of tasks and asks are being hung, rather than a targeted set of achievable priorities.

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The Government needs a way of measuring its performance...

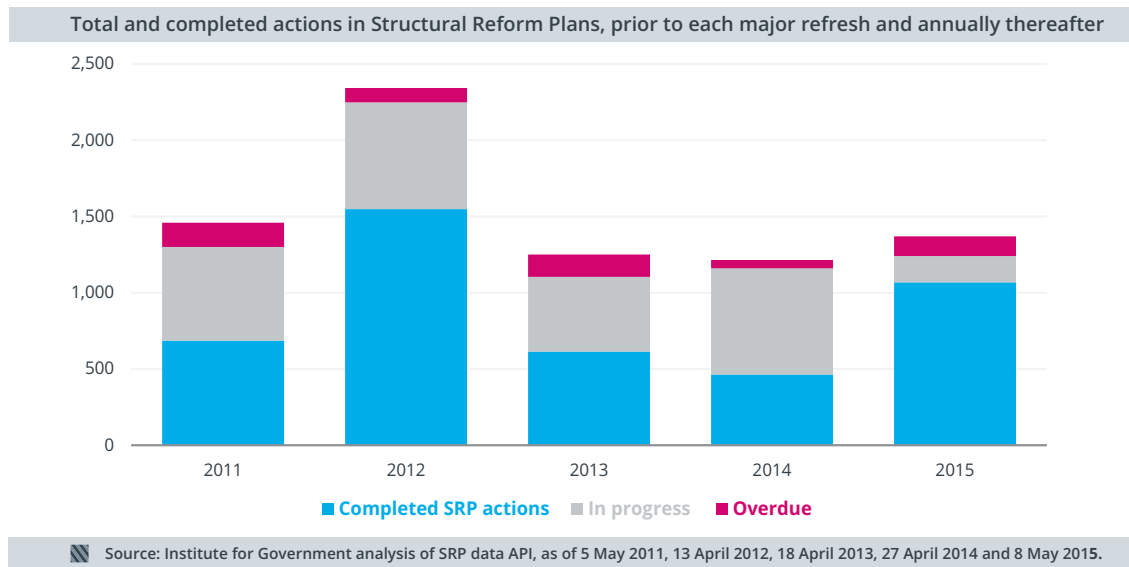


Like any large organisation, government needs to:

- know what it wants to achieve (its priorities)
- make sure that it has the resources to achieve those priorities
- identify a set of indicators to tell it whether it is going to achieve its priorities.

Additionally, government is accountable to Parliament – and to the public – for its decisions and use of taxpayers’ money. It is therefore important that it clearly communicates its priorities, and its plans for achieving them. Parliament and the public should be able to judge whether or not government is going about its business in a sensible way, and they need the right information to do so.

The UK used to be a leader in the use of transparent performance frameworks, setting out government priorities and showing progress towards achieving them. The Public Service Agreements (PSAs), introduced almost as an afterthought in 1998, were widely emulated.¹

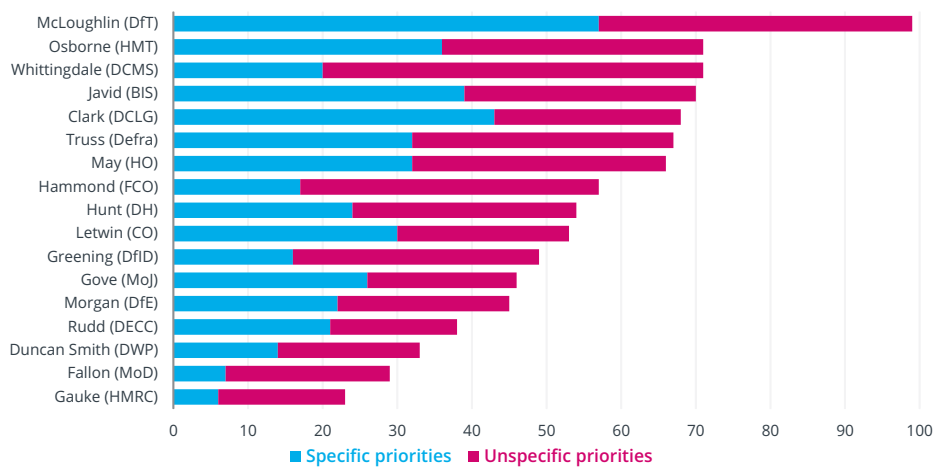


In 2010, the Coalition government introduced Structural Reform Plans (SRPs). These had a different philosophical underpinning to PSAs, but were still based on a firm belief in the power of transparency, and had impact indicators to measure performance. Although they suffered from inconsistency, ran out of steam in the second half of the parliament, and some data was inaccessible or not updated, they were a promising step forward for government transparency and accountability to the public.²

The published Single Departmental Plans (SDPs) mark the end of this phase in UK government.

...but the Single Departmental Plans are a step backwards and give us little indication of the Government's priorities.

Priorities identified in Single Departmental Plans, 19th February 2016



Source: Institute for Government analysis of GOV.UK, Single Departmental Plans, as first published on 19th February 2016.

In February 2016, the Government published the first iteration of SDPs. These were originally billed as a 'single, clear roadmap', outlining 'the choices [departments] must make to ensure [they] can deliver what [they] promise'. Looking at them, we should be able to tell what each department's priorities are, and how it is going to achieve them.³

We can't. The SDPs read more like a rehash of a manifesto than a clear plan to deliver the Government's promises. Despite the best efforts of civil servants, there has been little attempt at political prioritisation – more than half of departments have more than 50 priorities. Patrick McLoughlin, then at DfT, had close to 100; Theresa May, then at HO, had more than 60. It is difficult to see anybody – certainly not government departments or the centre of Whitehall – using these published documents to drive performance.

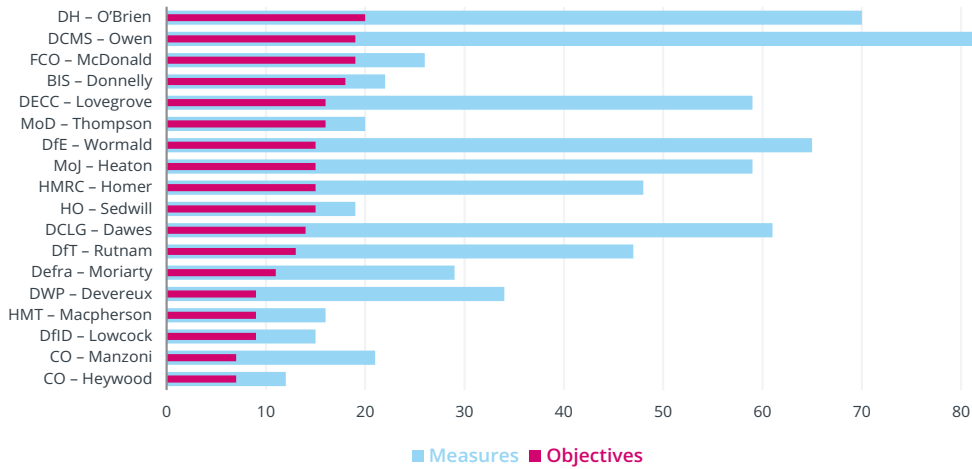
It will also be difficult for Parliament and the public to use them. We counted 939 priorities in the original SDPs, some of them so vague that it will be impossible to tell whether or not they have been achieved. How will we know if the Foreign Office has successfully '[stood] up to Russian aggression whilst engaging and working with Russia where necessary'?

Only 10 out of the 17 original SDPs – including the now-abolished DECC – had been updated between Brexit and the end of 2016, mostly with data for their indicators. None has been reshaped to address its fundamental weaknesses. There are currently no published plans for the new departments of BEIS, DExEU and DIT.

It may be that the internal versions of SDPs offer a much clearer sense of what government is actually doing. But ministers obviously no longer see the value of being transparent about their priorities and progress. This is a mistake – public accountability is desirable in itself, but also provides a way to focus activity in the complex organisational environment of a modern state. As the Public Accounts Committee argued in a report in November 2016: "The SDPs do not enable taxpayers or Parliament to understand government's plans and how it is performing, and therefore have not enhanced their ability to hold government to account for its spending."⁴

The average number of Permanent Secretary Objectives rose from nine to 14 between 2014-15 and 2015-16.

Number of Permanent Secretary Objectives and measures against which they are judged, 2015-16



Source: Institute for Government analysis of Cabinet Office, Permanent Secretary Objectives, 2015-16.

Last year, the number of objectives for each permanent secretary varied between seven and 20, with an average of 14. This is up from the previous year's more sensible average of nine, which implied some prioritisation. The number of measures against those objectives has spiralled even further: an average of 39 in 2015-16, up from 15 in 2014-15, a ludicrously high number that suggests that a multitude of tasks and issues are being lumped into each supposedly single 'objective'.⁵

This is a disappointing decline in quality. In 2013-14, a review by Mark Lowcock, Permanent Secretary at DfID, introduced a more sensible approach, reversing the tendency towards too many objectives and not enough measures. Unfortunately, the 2015-16 objectives do not continue this trend, and instead revert to the meaningless.

Departments are inconsistent in how they format and organise their objectives. They confuse measures, milestones and means of reaching them. The inconsistency across departments and the sheer number of objectives raise doubts about how useful and usable they are – and, crucially, whether they are actually being used to measure performance (one of the FCO's objectives was to raise engagement scores to 'x%').

It has been suggested that, in future, PSOs may be aligned with the SDPs. But until the SDPs that are in the public domain are of higher quality, this risks worsening the objectives further.



Conclusion

The past year has seen a great deal of change in government, with a new Prime Minister and the emergence of Brexit as the biggest political issue in decades. The next few months will bring further change, with the Prime Minister promising to trigger Article 50 and the process of leaving the European Union.

We will continue to monitor Whitehall and publish our analysis online as it happens. Our forthcoming *Performance Tracker* report will assess the challenges facing public services.

But looking back at Whitehall's year in this report gives us these key stories:

Political leadership Theresa May began her premiership by creating some new departments – an unnecessary distraction, though some are starting to find their feet – and conducting an extensive reshuffle. Men and Remainers still dominate her Government. May reduced the number of Cabinet committees but chaired almost half of them, compared to a third chaired by David Cameron.

Workforce The civil service faces Brexit with its smallest workforce since the Second World War, and some departments have lost a third of their staff since 2010. The civil service is more concentrated in senior grades and is older; women are still outnumbered by men at more senior levels; and progress on ethnic minority and disabled representation has stalled. Despite all the recent upheavals, civil servants are slightly more engaged in nearly all departments – but much less so at the Department of Health.

Finances and controlling public spending The Government abandoned its target of a surplus by 2019/20 following the Brexit vote. The day-to-day budgets of most departments have been cut since 2011, and cuts will continue up to 2020, which could put some public services under pressure.

Passing legislation While the Conservative Government continues the Coalition pattern of passing fewer government bills into law than Labour, Brexit could change all that. Some departments that are not used to taking primary legislation through Parliament (such as Defra) are going to have to adapt quickly.

Delivering major projects The number of major projects is still too high, given the challenges government faces and limits on its capacity. Confidence in successful delivery of projects has declined slightly, with ICT and transformation projects generally being riskier than infrastructure ones.

Communicating transparently May's Home Office had one of the worst records for replying to parliamentary questions, ministerial correspondence and Freedom of Information requests on time. Departments have withheld more information in response to FoI since 2010. Publication of some transparency data has been patchy. All of this raises questions about the Government's future commitment to openness.

Accounting for performance The Single Departmental Plans and Permanent Secretary Objectives do not provide a clear sense of the Government's priorities and performance. This makes scrutiny difficult and suggests government hasn't prioritised enough.

There are also three themes running throughout the report, namely Whitehall's performance, preparing for Brexit, and openness and the use of data:

Whitehall's performance Government is still trying to do too much, and it is extremely difficult to measure its performance, given that ministers have overloaded the Single Departmental Plans with commitments. That said, despite staff and budget cuts, Whitehall departments are still doing what they've always done – advising ministers, developing policy, delivering projects and otherwise getting on with the job. Indeed, the Engagement Index – a useful proxy for organisational health – has risen in nearly every department.

Preparing for Brexit Creating new departments to help manage Brexit was – as with many machinery of government changes – an unnecessary distraction, but DExEU at least seems to be finding its feet. Departments (notably Defra) face the challenges of Brexit with fewer staff and less money, and must adapt to tasks they are unused to (such as passing primary legislation). It's unclear whether the Brexit departments, and indeed all departments, have enough staff and money to deal with Brexit.

Data and openness There are certainly challenges, seen in the Home Office's record under Theresa May, the increased withholding of information in response to FoI across government, and the patchy publication of transparency data. The continued difficulty of monitoring government finances and government performance suggests a possible retreat from openness and a failure of government to utilise its own data properly. Nonetheless, opportunities remain for civil society to demonstrate the value of openness and data, and for government to capitalise on it.



Notes and references

Summary, pages 3 to 13

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 - Institute for Government research on [Brexit](#)
 - Analysis of [announcements by 10 Downing Street](#) and [lists of ministers](#) on GOV.UK
 - [The BBC's list of Remain- and Leave-supporting MPs](#), supplemented by other media sources and our own research
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2 Workforce, pages 22 to 33

The data behind the charts in this chapter comes from:

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 - Announcements of permanent secretary appointments on GOV.UK and further Institute for Government research
 - The Office for National Statistics [Annual Civil Service Employment Survey](#) (including a bespoke cut of professions data), supplemented by the Cabinet Office's Senior Civil Service database
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 6. The ONS has published data on sexual orientation for the first time, as part of an annex to this year's [Annual Civil Service Employment Survey](#), but results are 'not reported' for half of all civil servants. On social mobility, see, for example, Thompson, J., '[Defining our progress on social mobility](#)', Civil Service blog, 12 September 2016.
 7. For more on change over time, see Hirst, O., and Freeguard, G., '[Otherwise engaged: the Civil Service People Survey and Engagement Index, 2015](#)', Institute for Government, 15 December 2015.
 8. Ellison, J., answer to '[Redundancy: written question – 33367](#)', parliament.uk, 14 April 2016; Freeguard, G., Andrews, E., Devine, D., Munro, R., and Randall, J., '[Whitehall Monitor: The Coalition in 163 charts](#)', Institute for Government, November 2015, pp. 73-8; Freeguard, G., and Bouchal, P., '[Top marks for improvement: Civil servant engagement in DfE, 2009-2014](#)', Institute for Government, 12 January 2015.
 9. For more detail, see Freeguard, G., '[Brexit Whitehall's morale in good health – except at Health](#)', Institute for Government, 30 November 2016.
 10. Andrews et al., *op. cit.*

3 Finances, pages 34 to 45

The data behind the charts in this chapter comes from:

- The Office for Budget Responsibility's [Public Finances Databank](#)
 - The Treasury's [Public Expenditure Statistical Analyses \(PESA\)](#)
 - Departmental Annual Reports and Accounts, which can be found on GOV.UK
 - The Treasury's [Online System for Central Accounting and Reporting \(OSCAR\)](#)
 - [HMRC's list of tax reliefs](#).
1. HMT, '[Spending Review 2010](#)', 20 October 2010; HMT, '[Autumn Statement 2012](#)', 5 December 2012; HMT, '[Spending Review and Autumn Statement 2015](#)', 25 November 2015.
 2. See reporting of Osborne's Manchester speech in, for example, Cadman, E., and Tetlow, G., '[George Osborne abandons 2020 UK surplus target](#)', *Financial Times*, 1 July 2016; Hammond, P., '[An economy that works for everyone](#)', speech to Conservative Party conference, 3 October 2016.
 3. HMT, '[Autumn Statement 2016](#)', 23 November 2016.

4. We have combined total spending for **DCLG** Local Government and DCLG Communities to give a TME figure for DCLG. **Cabinet Office** does not include spending on the single intelligence account (which provides funding for the security and intelligence agencies, GCHQ and the Secret Intelligence Service). **HMT's** outturn for 2015/16 appears as negative in PESA, due to income from various sources including financial investments. We have used HMT's Annual Report and Accounts to exclude this income and just show the gross spending total. For further information on spend and income in HMT accounts, see HMT, *Annual Report and Accounts 2015-16*, 30 June 2016, pp. 85-6. **DECC's** TME figure for 2015/16 in PESA was significantly higher and abnormally large compared to previous years. DECC's provisions for liabilities (included as part of Resource AME figures in its annual report and accounts) increased significantly in 2015/16 due to reductions in the discount rates prescribed by HMT, causing a large increase in the present value of the nuclear decommissioning liability estimate. This was not an actual cash outflow in the financial year. In order to make the data comparable to previous years we have removed the impact of this discounting change (£89.4bn) from DECC's overall TME figure. For further explanation of DECC's figures, see DECC, *Annual Report and Accounts 2015-16*, 13 July 2016, note 14.1 (p. 155) and note 1.33 (p. 116).
5. Note that numbers in the diagram have been rounded so percentages might not perfectly sum to totals. Resource and capital percentages here are aggregates of DEL and AME percentages and may not match resource and capital totals published in PESA 2016. Also note 'Other Resource AME' and 'Capital Departmental AME' have negative figures because there was an overall net gain in these spending categories in 2015/16 due to income being greater than the allocated expenditure.
6. For further details on DEL expenditure, see HMT, *PESA 2016*, 21 July 2016, p. 189.
7. For further details on AME expenditure, see HMT, *PESA 2016*, 21 July 2016, pp. 190-3.
8. **HMT's** outturn for 2015/16 appears as negative in PESA, due to income from various sources including financial investments. We have used HMT's Annual Report and Accounts to exclude this income and just show the gross spending total for RDEL, CDEL, RAME and CAME. For further information on spend and income in HMT accounts, see HMT, *Annual Report and Accounts 2015-16*, 30 June 2016, pp. 85-6. Similarly **BIS's** RAME outturn was negative due to income. We have used BIS's Annual Report and Accounts to exclude this income and just show the gross spending total for RAME. For further information on spend and income in BIS accounts, see BIS, *Annual Report and Accounts*, 13 July 2016, p. 115.
9. See tables for relevant years in DWP, *Benefit Expenditure and Caseload 1995/96 to 2015/16*, 7 April 2016.
10. All figures are outturn and exclude depreciation. PESA reports NHS spending rather than **Department of Health**, so we have used this categorisation. **DCLG** Communities and DCLG Local Government have been combined to give a total RDEL figure.
11. PESA reports NHS spending rather than **Department of Health**, so we have used this categorisation. **DCLG** Communities and DCLG Local Government have been combined to give a total RDEL figure. **Cabinet Office** figure is combined with the Single Intelligence Account figure to bring it in line with the Budget.
12. HMT, *Whole of Government Accounts 2014-15*, 26 May 2016, p. 71.
13. Institute for Fiscal Studies, '*IFS analysis of today's public finance figures*', 21 October 2016.
14. National Audit Office, *The effective management of tax reliefs*, 21 November 2014; Rutter, J., Dodwell, B., Johnson, P., Crozier, G., Cullinane, J., Lilly, A., and McCarthy, E., *Better budgets: Making tax policy better*, CIOT/IFS/Institute for Government, 16 January 2017.
15. HMT, *Public Service Pensions: good pensions that last*, November 2011, p. 11.
16. The totals differ substantially from the whole-of-government balance sheet because departmental accounts do not include government debt, pensions accounts and local government assets and liabilities.
17. DfT, *Annual Report and Accounts 2014-15*, 16 July 2015, p. 20.
18. DECC, *Annual Report and Accounts 2014-15*, 20 July 2015 ; DECC, *Annual Report and Accounts 2015-16*, p. 156. For further details, see endnote 4 for this chapter and DECC, *Annual Report and Accounts 2015-16*, p. 35.
19. DH, *Annual Report and Accounts 2015-16*, p. 169.

4 Controlling public spending, pages 46 to 48

The data behind the charts in this chapter comes from:

- The Treasury's [Online System for Central Accounting and Reporting \(OSCAR\)](#)
 - The Cabinet Office's series of [Public Bodies reports from 1997 to 2016](#).
1. See, for example, Freeguard, G., Andrews, E., Devine, D., Munro, R., and Randall, J., *Whitehall Monitor: The Coalition in 163 charts*, Institute for Government, November 2015, pp. 89-97; Pearson, J., Gash, T., and Rutter, J., *Out of the ashes: Priorities for reforming arm's-length government in the UK*, Institute for Government, 4 March 2015; Institute for Government, '[Statement in response to the Review of the Classification of Public Bodies](#)', 28 April 2016.
 2. May, T., '[Machinery of Government Changes: Written statement - HCWS94](#)', parliament.uk, 18 July 2016.
 3. Illott, O., '[The domestic politics of negotiating Brexit: EU money?](#)', Institute for Government, 1 August 2016.

4. National Audit Office, *Government grant services*, July 2014.
5. National Audit Office, *Investigation: the government's funding of Kids Company*, 29 October 2015. See also Rutter, J., 'Not child's play: what does the Kids Company case tell us about government's relations with the third sector?', Institute for Government, 5 August 2015; Freeguard, G., 'Firm direction: Kids Company and ministerial directions', Institute for Government, 5 August 2015; Ilott, O., 'Kids Company: an anatomy of failure', Institute for Government, 2 February 2016; Cabinet Office, *UK Open Government National Action Plan 2016-18*, GOV.UK, 12 May 2016, commitment 6.
6. National Audit Office, *Transforming contract management*, 4 September 2014.
7. For example, Freeguard et al., *op. cit.*, pp. 84-8; Wajzer, C., 'Taking transparency to taskforce', Institute for Government, November 2014; Freeguard, G., 'Outsourcing and the price of political scrutiny', November 2013; Freeguard, G., and Makgill, I., *Government Contracting: Public data, private providers*, Institute for Government/Spend Network, 26 June 2014; Gash, T., Panchamia, N., Sims, S., and Hotson, L., *Making Public Service Markets Work*, Institute for Government, 18 July 2013.

5 Passing legislation, pages 49 to 51

The data behind the charts in this chapter comes from:

- [The Bills page on parliament.uk](#)
 - [House of Commons Sessional Returns](#)
 - A House of Commons Library paper, *Acts and Statutory Instruments: the volume of UK legislation 1950 to 2015*.
1. For more detail, see Freeguard, G., 'Getting their Acts together? Legislation in the 2015-16 Parliament', Institute for Government, 17 May 2016.
 2. Her Majesty's Government, *Coalition documentation*, 20 May 2010.
 3. Freeguard, G., Andrews, E., Devine, D., Munro, R., and Randall, J., *Whitehall Monitor: The Coalition in 163 charts*, Institute for Government, November 2015, p. 111.
 4. Moriarty, C., 'How Defra is adapting to the challenge of Brexit', *Civil Service Quarterly*, 1 November 2016; Eustice, G., answer to 'Departmental Responsibilities: Written question – 54407', parliament.uk, 25 November 2016.
 5. Institute for Government, *Brexit Brief: the Great Repeal Bill*; Owen, J., and Munro, R., *Whitehall's preparation for the UK's exit from the EU*, Institute for Government, 14 December 2016.

6 Delivering major projects, pages 52 to 56

The data behind the charts in this chapter comes from:

- [Annual reports published by the Infrastructure and Projects Authority](#) (previously the Major Projects Authority), including a bespoke cut of data on project categorisation.
1. Brecknell, S., 'Civil service leaders must re-prioritise for Brexit, says chief John Manzoni', *Civil Service World*, 9 November 2016.
 2. Infrastructure and Projects Authority, *Annual Report on Major Projects 2015 to 2016*, 7 July 2016, p. 7.
 3. For more detail, see Boon, A., 'How are government projects faring?', Institute for Government, 12 July 2016.
 4. Freeguard, G., Andrews, E., Devine, D., Munro, R., and Randall, J., *Whitehall Monitor: The Coalition in 163 charts*, Institute for Government, November 2015, pp. 126-7.
 5. For example, Norris, E., Kidson, M., Bouchal, P., and Rutter, J., *Doing them Justice: Lessons from four case studies of policy implementation*, Institute for Government, 17 July 2014; Norris, E., 'Memo to a new minister: how to keep implementation on track in the final year', Institute for Government, 17 July 2014.

7 Communicating transparently, pages 57 to 62

The data behind the charts in this chapter comes from:

- [Government Freedom of Information statistics](#), published quarterly by the Cabinet Office (and previously MoJ)
- Reports on parliamentary questions published each session by [the House of Commons Procedure Committee](#), and parliamentary questions data from [data.parliament](#)
- [Annual ministerial statements on ministerial correspondence](#)
- Monthly releases of spend over £25,000 published by departments on GOV.UK and [data.gov.uk](#) (with thanks to further information provided to us by the Government Digital Service and [data.gov.uk](#))
- Organograms published by departments on GOV.UK and [data.gov.uk](#) (with thanks for further information provided to us by the Government Digital Service and [data.gov.uk](#)).

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1. Cameron, D., '[Letter to government departments on opening up data](#)', GOV.UK, 31 May 2010.
 2. Rosenbaum, M., '[New commissioner sets out FOI plans](#)', BBC News, 31 August 2016.
 3. Cameron, *op. cit.*; HMT, [government spend guidance](#), 2012, p. 6.
 4. McNally, H., '[Delayed again!](#)', *Understanding Spend*, 5 August 2015. See also Freeguard, G., Andrews, E., Devine, D., Munro, R., and Randall, J., *Whitehall Monitor: The Coalition in 163 charts*, Institute for Government, November 2015, pp. 84-8.
 5. Read, D., '[Improving government organogram data](#)', *Data in government blog*, 6 October 2016. See Freeguard, G., [organogram publication as of September 2016](#), Twitter, 6 October 2016 for signs of improvement.
 6. See, for example, Freeguard, G., et al., *op. cit.*; Freeguard, G., and Makgill, I., *Government Contracting: Public data, private providers*, Institute for Government/Spend Network, 26 June 2014.
 7. On 'dogfooding', see Andrews, E., '[Government needs to eat its own data](#)', Institute for Government, 23 November 2015; Hancock, M., '[Open Data Institute summit 2015: speech](#)', GOV.UK, 3 November 2015; Hancock, M., '[Open data: speech to the Konrad Adenauer Foundation](#)', GOV.UK, 10 December 2015; Broad, E., '[One year on from the general election: what does the UK data landscape look like?](#)', 31 May 2016, Open Data Institute; Freeguard, G., "'Dogfooding" in German is "hundefutter"', Twitter, 11 December 2015.
 8. For more, see Freeguard, G. and Adam, R., '[Baptism of FOIA: How the new government departments respond to requests for information](#)', Institute for Government, 19 December 2016.

8 Accounting for performance, pages 63 to 66

The data behind the charts in this chapter comes from:

- Analysis of [the Coalition's Departmental Business Plans](#)
 - [Single Departmental Plans](#)
 - [Permanent Secretary Objectives](#), published by the Cabinet Office.
1. Freeguard, G., Andrews, E., and Munro, R., *Deep Impact? How government measured its impact, 2010-15*, Institute for Government, 2 April 2015; Thomas, P., and Davison, N., *Civil Service Reform in the Real World: Patterns of success in UK civil service reform*, Institute for Government, 26 March 2014.
 2. Freeguard et al., *op. cit.*; Freeguard, G., Andrews, E., Devine, D., Munro, R., and Randall, J., *Whitehall Monitor: The Coalition in 163 charts*, Institute for Government, November 2015, pp. 123-5 and pp. 133-42; Stephen, J., Martin, R., and Atkinson, D., *See-through Whitehall: Departmental Business Plans one year on*, Institute for Government, 8 November 2011.
 3. Manzoni, J., '[Clarifying our priorities – Single Departmental Plans](#)', *Civil Service blog*, 29 July 2015.
 4. Public Accounts Committee, *Managing government spending and performance*, parliament.uk, 23 November 2016.
 5. For more detail, see Hirst, O., and Freeguard, G., '[Impermanent markers? Permanent secretary objectives, 2015-16](#)', Institute for Government, 14 April 2016.



Methodology

While some of the datasets we use have included numbers for the new departments created in July 2016 (BEIS, DExEU, DIT) in their most recent releases, many have not. We have tried to use data from the new departments where possible.

Staff numbers, grade and location, pages 22 to 33

We group bodies into 'departmental groups' according to where ministerial responsibility lies, even when these are reported under a separate 'departmental' heading in the ONS data. For instance, we group Ofsted with DfE and not as a separate department.

We then make the following distinction within each departmental group:

- **Department** The core department and other bodies within the department that are line-managed within a structure that flows from the departmental leadership (for example, the National Offender Management Service within MoJ, the Education Funding Agency within DfE).
- **Other organisations** Other bodies employing civil servants, like executive agencies and non-ministerial departments, for which ministers in the department have responsibility (e.g. Ofsted in DfE, DVLA in DfT) but which are not part of the department's line management structure.

Acronym	Department	Other Organisations
AGO	Attorney General's Office	Attorney General's Office; Crown Prosecution Service; Crown Prosecution Service Inspectorate; Serious Fraud Office; Treasury Solicitor
BEIS	Department for Business, Energy and Industrial Strategy <i>Created July 2016</i>	Advisory, Conciliation and Arbitration Service; Companies House; Competition and Markets Authority; HM Land Registry; Insolvency Service; Intellectual Property Office; Met Office; Office of Gas and Electricity Markets (Ofgem); Ordnance Survey; UK Space Agency
BIS	Department for Business, Innovation and Skills <i>Abolished July 2016</i>	Advisory, Conciliation and Arbitration Service; Companies House; Export Credits Guarantee Department/UK Export Finance; HM Land Registry; Insolvency Service; Met Office; National Measurement Office; Ordnance Survey; Skills Funding Agency; Intellectual Property Office; UK Space Agency; Competition and Markets Authority
CO	Cabinet Office excl agencies Office of the Parliamentary Counsel	Charity Commission; UK Statistics Authority; Crown Commercial Service

DCLG	Department for Communities and Local Government	Planning Inspectorate; Queen Elizabeth II Conference Centre
DCMS	Department for Culture, Media and Sport	Royal Parks
DECC	Department of Energy and Climate Change <i>Abolished July 2016</i>	Office of Gas and Electricity Markets (Ofgem)
Defra	Department for Environment, Food and Rural Affairs	Animal and Plant Health Agency; Centre for Environment, Fisheries and Aquaculture Science; Food and Environment Research Agency; Ofwat; Rural Payments Agency; Veterinary Medicines Directorate
DExEU	Department for Exiting the European Union <i>Created July 2016</i>	
DfE	Department for Education Standards and Testing Agency; Education Funding Agency; National College for Teaching and Leadership	Office of Qualifications and Examinations Regulation; Ofsted <i>From Q3 2016: Skills Funding Agency</i>
DfID	Department for International Development	
DfT	Department for Transport	Driver and Vehicle Licensing Agency; Highways Agency; Maritime and Coastguard Agency; Office of Rail Regulation; Vehicle and Operator Services Agency; Vehicle Certification Agency; Driver and Vehicle Standards Agency
DH	Department of Health (excl agencies)	Food Standards Agency; Medicines and Healthcare Products Regulatory Agency; Public Health England
DIT	Department for International Trade <i>Created July 2016</i>	Export Credits Guarantee Department/UK Export Finance (from Q3 2016)
DWP	Department for Work and Pensions	The Health and Safety Executive
FCO	Foreign and Commonwealth Office (excl agencies)	Security and Intelligence Services; Wilton Park Executive Agency; Foreign and Commonwealth Office Services
HMRC	HM Revenue and Customs	Valuation Office
HMT	HM Treasury	Debt Management Office; Government Actuary's Department; National Savings and Investments; Office for Budget Responsibility
HO	Home Office (excl agencies)	National Fraud Authority; National Crime Agency; Her Majesty's Passport Office
MoD	Ministry of Defence	Defence Science and Technology Laboratory; Defence Support Group; UK Hydrographic Office
MoJ	Ministry of Justice (excl agencies) HM Courts and Tribunals Service; National Offender Management Service; The Office of the Public Guardian; Wales Office; Scotland Office (incl. Office of the Advocate General for Scotland); Legal Aid Agency	National Archives; UK Supreme Court; Criminal Injuries Compensation Authority
NIO	Northern Ireland Office	

For staff numbers, we use table 9 from the ONS Public Sector Employment series, which contains staff numbers (full-time equivalent, FTE) in all public organisations that employ civil servants. FTE counts part-time staff according to the time they work (e.g. a person working two days a week as 0.4); this is more accurate than headcount, which does not distinguish between full-time and part-time employees.

Our calculated rates of change in each period for each department are adjusted for reclassifications of staff between bodies. Reclassifications are usually noted by the ONS in footnotes to the data tables. The figures shown for each department in our 'change from baseline' charts take a geometric average of per period change rates over all periods from 2010 Q3 (our Spending Review baseline) to the latest period.

Civil service professions, page 31

We grouped together the 27 different professions (and 'Not reported' and 'Other') provided by the ONS into the following categories:

IfG categorisation	ONS professions
Corporate	Commercial; Corporate Finance; Finance; Human Resources; Internal Audit; Property
Communications and Marketing	Communications
Digital, Data and Technology	Digital, Data and Technology
Insight and Analysis	Economics; Intelligence Analysis; Knowledge and Information Management; Social Research; Statistics
Policy	Policy
Operational Delivery	Operational Delivery; Operational Research; Project Delivery; Tax
Specialist	Inspector of Education and Training; Legal; Medicine; Planning; Planning Inspectors; Psychology; Science and Engineering; Security; Veterinarian
Unknown/Other	Not reported; Other

In our chart, BIS has a large percentage of 'specialists', most of which seem to be in 'Planning'. This is despite BIS employing most of its staff in 'policy' according to previous releases. For avoidance of doubt, this is the data as signed off by BIS.

Financial transparency, page 45

We have ranked each government department according to how transparently it accounts for movements in spending plans.

For each financial year we compared the original spending plan, as published in Spending Review 2010, with every reissue of a plan for that financial year (in annual Budget documents and the department's Annual Report and Accounts), and noted whether the spending plan had changed and whether this change was explained. We looked for

explanations in the annual Budget documentation, in the Government's Public Expenditure Statistical Analyses (PESA), in departmental Annual Reports and Accounts, and in Explanatory Memoranda to Main and Supplementary Estimates.

We graded each department according to:

- whether an explanation was given for a change
- whether each movement was fully or partially explained
- where the explanation appeared and how easy it was to access the documentation.

We then ranked the departments based on their average ranking across the five financial years (2010/11 to 2015/16).

Resource management model, pages 46 to 48

For each department we calculated the total amount of Resource Departmental Expenditure Limit (RDEL) minus depreciation, using 2015/16 data in HMT's Online System for Central Accounting and Reporting (OSCAR). This provided us with a 100% departmental spending figure. Individual spending lines for each department were then ranked from largest to smallest and calculated as a percentage of the total RDEL figure.

Each department's spending lines were categorised as direct management, sponsorship of arm's-length bodies, system and grant funding, and markets and contracting. For each department we categorised approximately 85%-90% of total RDEL spending. In certain areas we used departmental Annual Reports and Accounts to supplement our understanding of spending lines – but the expenditure data is consistently taken from OSCAR.

The net result of this process was a percentage breakdown into four component parts of each department's total RDEL. This percentage breakdown forms the underlying basis of the heat map.

Information request timeliness ranking, page 57

Our composite timeliness ranking accounts for performance in responding to Freedom of Information requests, parliamentary questions and ministerial correspondence over the course of the Cameron government, and Theresa May's term at the Home Office. For FoI, this was from Q3 2010 to Q2 2016; for parliamentary questions, parliamentary sessions 2010-12 to 2015-16; and for ministerial correspondence, calendar years 2010 to 2015. For each of these three metrics we calculated the total volume received over the period, and the percentage that the department answered on time (within 20 days or with a permitted exemption for FoI; within the targets set by departments for ministerial correspondence; and the percentage answered on the named day or within five sitting days for parliamentary questions). The area of the bubbles is determined by total volume, and the position on the y axis is the percentage answered on time for that metric. Departments are then ordered according to their overall rank for timeliness, calculated using their rank on each individual metric.

Spend over £25,000 publication, pages 60 to 61

We searched for £25,000 spend data on GOV.UK (largely since 2013) and data.gov.uk (largely prior to 2013) with some overlap between the two. Our data covers the period November 2010 to October 2016 in line with David Cameron's initial instruction to government departments and our own publication schedule. Where we could not find a data file, we used the history function on data.gov.uk and (extremely useful) correspondence with the GOV.UK and data.gov.uk teams to track the file down. If it still could not be located, we marked the file as 'Not Published'.

We then searched for the publication date for the located files. According to advice from the Treasury (see endnote 3 for chapter 7 'Communicating transparently'), each monthly spend release should have been published by the end of the following month (e.g. the September 2016 file should have been published by 31 October 2016). We extended the time limit to 70 days from the first day of the month to which the data refers, for our calculations to allow for weekends and public holidays and to give a few days' grace. Where files were published after this 70 day limit, we marked them as 'Late'; where they were published before the limit, we marked them as 'On Time'. Some files were missing the metadata recording their publication date and we could not locate this date even with the assistance of the GOV.UK and data.gov.uk teams. These files were marked as 'No Date'.

Organogram publication, page 60

We searched for organogram data on GOV.UK and data.gov.uk and recorded whether or not we could find the file for each six-month period. If we could find the file, we marked it as 'Published'. Where we could not find a data file, we consulted with the GOV.UK and data.gov.uk teams and, if the file still could not be located, we marked it as 'Not Published/Findable'. Our final data was collected on 9 December 2016 as departments were due to have published their organograms for September 2016 by 6 December, according to the guidance here: <http://guidance.data.gov.uk/organogram-data.html>.

Single Departmental Plan analysis, page 65

A good Single Departmental Plan would have a short list of specific priorities, with a list of actions the department planned to undertake to achieve them.

The SDPs had headline 'objectives' with 'actions' underneath them. If the objective constituted a single specific priority, it was counted, and the actions below were ignored. If it did not, we turned our attention to the actions below, counting the number of specific (or non-specific) priorities which sat beneath it.

A priority was deemed specific if it was possible to assess whether or not it had been achieved.

Abbreviations

Acronym	Name of organisation
AGO	Attorney General's Office
APA	Asset Protection Agency
BEIS	Department for Business, Energy and Industrial Strategy
BERR	Department for Business, Enterprise and Regulatory Reform
BIS	Department for Business, Innovation and Skills
CO	Cabinet Office
CxD	Chancellor's Departments (APA, DMO, GAD, HMRC, HMT, NS&I, OBR)
DCLG	Department for Communities and Local Government
DCMS	Department for Culture, Media and Sport
DCSF	Department for Children, Schools and Families
DECC	Department of Energy and Climate Change
Defra	Department for Environment, Food and Rural Affairs
DE&S	Defence Equipment and Support (part of MoD)
DETR	Department of the Environment, Transport and the Regions
DExEU	Department for Exiting the European Union
DfE	Department for Education
DfEE	Department for Education and Employment
DfES	Department for Education and Skills
DfID	Department for International Development
DfT	Department for Transport
DH	Department of Health
DIT	Department for International Trade
DIUS	Department for Innovation, Universities and Skills
DMO	Debt Management Office
DPCP	Department of Prices and Consumer Protection
DPM	Deputy Prime Minister
DTLR	Department of Transport, Local Government and the Regions
DVLA	Driver and Vehicle Licensing Agency (part of DfT)
DWP	Department for Work and Pensions
ERG	Efficiency and Reform Group (part of CO)
FCO	Foreign and Commonwealth Office
GAD	Government Actuary's Department
HCS	Home Civil Service (all civil servants in UK, Scottish and Welsh governments)

HMRC	Her Majesty's Revenue and Customs
HMT	Her Majesty's Treasury
HO	Home Office
IPA	Infrastructure and Projects Authority (part of CO and HMT, successor to the MPA)
Law	Law officers (AGO, Office of the Advocate General for Scotland)
MoD	Ministry of Defence
MoJ	Ministry of Justice
MPA	Major Projects Authority (part of CO)
NAO	National Audit Office
NHS	National Health Service
NICS	Northern Ireland Civil Service
NIO	Northern Ireland Office
NS&I	National Savings and Investments
OBR	Office for Budget Responsibility
ODPM	Office of the Deputy Prime Minister
ONS	Office for National Statistics
PM	Prime Minister
Scot	Scotland Office
SG	Scottish Government
UKREP	United Kingdom Permanent Representation to the European Union
Wal	Wales Office
WG	Welsh Government

Acronym	Definition
ACSES	Annual Civil Service Employment Survey (ONS dataset)
AME	Annually Managed Expenditure
AO/AA	Administrative officer/administrative assistant (civil service grade)
API	Application Programming Interface
AR	Annual Report
BUD	Budget
CAME	Capital Annually Managed Expenditure
CDEL	Capital Departmental Expenditure Limit
CSPS	Civil Service People Survey (Cabinet Office dataset)
DEL	Departmental Expenditure Limit
EO	Executive officer (civil service grade)

FoI	Freedom of Information
FTE	Full-time equivalent
G6, G7	grade 6 and grade 7 (civil service grade)
IfG	Institute for Government
IFRS	International Financial Reporting Standards
IT	Information Technology
MoG	Machinery of government
NGO	Non-governmental organisation
OSCAR	Online System for Central Accounting Reporting
PAC	Public Accounts Committee
PASC	Public Administration Select Committee
PESA	Public Expenditure Statistical Analyses
PSE	Public Sector Employment (ONS dataset)
Q (Q1 etc.)	Quarter
QDS	Quarterly Data Summary
RAG	Red – Amber – Green (rating scheme)
RAME	Resource Annually Managed Expenditure
RDEL	Resource Departmental Expenditure Limit
SCS	Senior Civil Service
SEO/HEO	Senior Executive Officer/Higher Executive Officer (civil service grade)
SR	Spending Review/Spending Round
SRP	Structural Reform Plan
TME	Total Managed Expenditure
WGA	Whole of Government Accounts
WMI	Workforce Management Information

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Any errors or omissions are our own, except where the quality of the data could be better...

Gavin Freeguard, Rob Adam, Emily Andrews and Adam Boon

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