

REFORM

Reform Annual Conference 2017

Chartered Accountants' Hall
One Moorgate Place
London
EC2R 6EA

Thursday 9 February 2017
08.30 – 13.35

#reform2017
@reformthinktank

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Programme

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| 08.30 – 08.55 | Registration and breakfast | |
| 09.00 – 09.10 | Welcome and introduction | Andrew Haldenby, Director, <i>Reform</i> |
| 09.10 – 09.15 | Welcome by host | Michael Izza, Chief Executive, The Institute of Chartered Accountants in England and Wales |
| 09.15 – 09.20 | Introduction to the Minister | Andrew Haldenby, Director, <i>Reform</i> |
| 09.20 – 09.55 | Keynote speech | Rt Hon Ben Gummer MP, Minister for the Cabinet Office and Paymaster General |
| 10.00 – 11.00 | Panel 1: Government at your service | <p>Government services have taken recent, practical steps towards reforms that had digitalisation at their core. These reforms have great potential to improve the efficiency of public services and their usability for citizens. This discussion will outline the possibilities presented by technological advancements, the challenges and the overall impacts on productivity and efficiency within public services.</p> <p>Jonathan Slater, Permanent Secretary, Department for Education</p> <p>Dr Ali Parsa, Founder and CEO, Babylon Health</p> <p>Professor the Baroness Wolf of Dulwich CBE, Sir Roy Griffiths Professor of Public Sector Management, King's College London</p> <p>Daniel Searle, Chief Digital Officer, Hewlett Packard Enterprise</p> <p>Rt Hon Ben Gummer MP, Minister for the Cabinet Office and Paymaster General</p> <p>Chair: Andrew Haldenby, Director, <i>Reform</i></p> |
| 11.00 – 11.20 | Coffee break | |
| 11.25 – 12.35 | Panel 2: Whitehall's stories of success | <p>Across central government, numerous departments have undergone substantial reform and transformation. This panel will discuss case studies of success in Whitehall, and explore the lessons to be learnt for other services looking to reform.</p> <p>Bernard Jenkin MP, Chair, Public Administration and Constitutional Affairs Committee</p> <p>Jane Cunliffe, Director of Public Spending, HM Treasury</p> <p>Richard Bacon MP, Member, Public Accounts Committee</p> <p>Rt Hon Michael Gove MP, Former Secretary of State for Education and Former Secretary of State for Justice</p> <p>Chair: Charlotte Pickles, Deputy Director and Head of Research, <i>Reform</i></p> |
| 12.35 – 13.30 | Panel 3: How will we pay for the welfare state? | <p>In the light of uncertain public finances, the Government's commitment to a welfare state and an economy that works for everyone is under pressure. There remain big public finance questions across health, social care, and pensions, in terms of both public and private payment. This discussion will seek answers to those questions and outline the challenges and opportunities for government to provide support to both the worst off in society and those "just about managing".</p> <p>Rt Hon Steve Webb, Former Minister of State for Pensions</p> <p>Paul Johnson, Director, Institute for Fiscal Studies</p> <p>Kirsty McHugh, Chief Executive, Employment Related Services Association</p> <p>Sumita Shah, Regulatory Policy Manager, Public Sector, The Institute for Chartered Accountants in England and Wales</p> <p>Chair: William Mosseri-Marlio, Research Manager, <i>Reform</i></p> |
| 13.30 – 13.35 | Concluding remarks and finish | Andrew Haldenby, Director, <i>Reform</i> |

The *Reform* team: setting the agenda

2017 marks *Reform*'s 15th birthday. I hope we have succeeded in that time in focusing attention on the ideas that will improve public services, to the benefit of every citizen of our country, and keep them financially sustainable at the same time. Our third annual conference today has exactly that objective.

We are thrilled that Rt Hon Ben Gummer MP, the Minister for the Cabinet Office, is able to give us so much of his time. As well as his keynote speech, Ben will join our first panel, "government at your service". This follows his speech to *Reform* in October 2016 when he described Brexit as a "cry", from voters, "about what they felt about the state of government and their relationship with it". He explained: "if you were to ask the public whether it feels served by government, they will tell you that it is precisely the opposite. In too many of their interactions with the state, the public is made to feel as though they are the servants of the government, rather than the other way around." (In this way Brexit has brought to the forefront the themes of personalisation and consumer choice that Tony Blair's government promoted so excitingly in *Reform*'s early days.)

His fellow panel members will explore this idea in detail. Jonathan Slater will give his experience of successful reform in two departments of state (education and defence). Alison Wolf will present the latest

academic thinking. Daniel Searle and Ali Parsa will explain how digital technology can bring the consumer revolution to public services, with all of its implications for ease of use, absence of bureaucracy, artificial intelligence and falling costs.

So much of the challenge of reform is implementation. For that reason, our second panel will present examples of Whitehall success in delivering reform in practice. Bernard Jenkin MP and Richard Bacon MP have overseen the Government's work on civil service reform and efficiency for many years. Rt Hon Michael Gove MP led major reforms to the Department of Education during his time as Secretary of State. Jane Cunliffe oversees public spending at the Treasury and will describe her work on the current Efficiency Review in particular.

As we prepared this conference, the Office for Budget Responsibility projected that current entitlements to pensions and healthcare will require the next government to raise taxes by £84 billion, in today's money, if the national debt is ever to return to the levels seen before the financial crisis. The third panel will directly address the question of the affordability of the welfare state. Steve Webb considered these long-term costs as Pensions Minister. Paul Johnson and Sumita Shah are experts on public finances and the Whole of Government Accounts respectively. Kirsty McHugh will address welfare provided to people below retirement age.

15 years in, the *Reform* agenda has never been more relevant. I welcome your attendance today and look forward to your close engagement in our work throughout this Parliament.

Andrew Haldenby
Director, *Reform*
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Andrew Haldenby
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To govern is to serve

Rt Hon Ben Gummer MP



To govern is to serve. That principle is in question. As the Prime Minister has reflected, what we saw last June represented a direct challenge to the way that government operates and interacts with its citizens. Our collective faith in democracy and the relationship between the citizen has faltered. The referendum vote is a message not only to leave the European Union but to address that gap that has come to separate those who govern and those whom we seek to serve.

If governing is to serve the people, it is the consistent delivery of effective and efficient public services for the citizen that underpins everything we do as a government. But while the vital work to improve and reform our everyday public services will continue throughout this Parliament – building upon fantastic achievements by my predecessors – there remains the question not simply of how public services work better for the user, but what public service actually means to the individual citizen.

Indeed, this is a question that transcends the professionalism and dedication of the thousands of committed civil servants I have the privilege of working with every day. They go to work wanting to do things for the better and for the public good. Yet that genuine spirit of public service is lost in the opaque interface that currently exists between the citizen and the state. In too many of their interactions with government, the public is made to feel as though they are the servants of the government, rather than the other way around.

And it is not simply the user who is disadvantaged by this relationship. Public servants are not able to fulfil their vocation. We have asked them to work in poor

buildings, to antiquated working patterns, in excessively hierarchical organisation structures, and with sub-optimal technology. By reducing the ability of our public servants to work productively, we are compromising their ability to serve the public.

It is my simple ambition to reverse that relationship. I want to see a revolution in the way we deliver public services – so that people up and down our country feel that government is at their service, at every single stage in the journey and at every single moment of every interaction.

The public has a right to expect the same quality of service from the government as they do from private providers. Whether it is filling in a tax return online, paying council tax, claiming Universal Credit, applying for a grant of probate, visiting a government building or applying for a driving licence, the citizen's journey must be as efficient and smooth as possible – all while maximising value for money for the taxpayer and delivering our commitment to be the most transparent government in the world.

That is why I am today announcing four areas in which we will deliver the profound transformational shift that is necessary to restore faith in our democracy.

First, we will drive forward a renewed focus on digital government as the means to deliver services for the taxpayer. Today we are publishing our Government Transformation Strategy, outlining our commitment to utilise the virtues of technology to reshape government by ensuring millions of people are able to access online the services they need, whenever they need.

Alongside moving as many services online as possible, we must harness the value of open data as a means to innovate and improve the range of services available to the public and enhance the transparency of government. We will appoint a new Chief Data Officer as well as assemble a Data Advisory Board in order to best align our efforts to make the best use of data across government and drive our open data and data transformation policies.

Third, we will work to ensure that our Civil Service has an equality of

representation around the United Kingdom, so that public servants have a depth of experience of the public they serve. The Cabinet Office is currently reviewing the location of government agencies and arms-length bodies, and will consider relocating them where they could generate local areas of expertise, support private sector growth and enable a fairer distribution of Civil Service expertise, especially at a senior level.

And fourth, we will deliver all of these changes – and more – while maintaining this Government's constant drive to identify and drive efficiencies in government, root out fraud and error wherever possible, and make considerable savings for the hard-working taxpayer.

Every single member of the public deserves a government that is responsive, accountable and effective – twenty-four hours a day, every day of the week. As I hope I am able to convey to you this morning, we will deliver our commitment to transform the relationship between the citizen and the state so that the latter serves the former – not the other way round. Only by doing so we will deliver the Prime Minister's commitment to build a country that truly works for everyone.

*Rt Hon Ben Gummer MP
Minister for the Cabinet Office and
Paymaster General
@ben4ipswich*

Reinventing public services for citizens' use

George Freeman MP



A truly global, entrepreneurial Britain will have an innovative public sector at its core. We don't just need to support private-sector innovation – we need the public sector to be an active partner. If we do both, we will be able to not only make Britain a testbed for technologies and a magnet for attracting inward investment, but we can create a thriving market of innovative technologies we can export to the world. Innovation post-Brexit can reform our society, and in so doing, help Britain go global.

Public sector innovation is crucial to tackling some of the biggest issues we face. Take one of our biggest public sector challenges: health and care. How do we restructure the NHS into a patient-centred healthcare system? How do we allow funding to follow the patient? 21st Century, digital healthcare holds the answer – developed here and then exported across the globe.

Brexit gives us a real opportunity to lay the foundation for a new Victorian age, if you like, of applied science for global impact. One of the challenges we faced in recent years in the European Union was lobbyists in Brussels successfully imposing regulations which are fundamentally anti-science and technology, particularly in areas like Agri-Tech, where Britain excels. Now we are leaving, we can return to our pioneering roots.

Coming to parliament after a 15-year career in technology venture capital, and in my roles as the first Minister for Life Sciences and now as Chair of the Prime Minister's Policy Board, I can see huge opportunities to modernise and transform our public sector through innovation to deliver the vision above. It's what modern business expects of a modern government; focusing on the technologies and sectors

of the British innovation and knowledge economy which can best compete in the new markets of the developing world.

We have world-class universities, a science and research base, and a globally competitive lead in key sectors like biopharmaceuticals, aerospace, and the digital economy, but we won't unlock their full value without continuing to build a long-term strategy for skills, research, infrastructure, procurement and global sales. This isn't about "picking winners". It's about picking the races on which to focus scarce resources, and the Government doing what only it can do, but doing it better.

Fundamentally, it is about encouraging technology and innovation to help reform the way government works to dramatically improve public sector productivity. For example, in health, the challenge of digitalising the NHS is also a massive (£4.2 billion) investment in a new sector of digital health – apps, tools, and technologies.

As we begin to chart a new era in our national life outside the European Union, we must never forget that UK plc has vast assets on its balance sheet. We have a once-in-a-generation chance to restructure business to release the talents of our people, draw in investment, embrace new models, and become more entrepreneurial: making Britain a global crucible of innovation to export again to the world.

By becoming a testbed of the new technologies which are transforming the 21st century, and actively encouraging them to help reform our public services, we can accelerate public-sector efficiency, private-sector growth, and exports to the fastest emerging economies, and unlock a whole new cycle of global growth and prosperity.

We need the next Richard Branson to be as at home in the corridors of Whitehall as the conference rooms of Canary Wharf. That goal must now be at the centre of the domestic reforms required to underpin the Prime Minister's inspiring vision of a 'global' Britain.

*George Freeman MP
Chair of the Prime Minister's Policy Board
@Freeman_George*

Louisa Rolfe



Facing some of the biggest funding reductions in the UK, West Midlands Police has consciously embraced innovation. In 2014 we established an Innovation and Integration Partnership with global consultants Accenture. The first of its kind in UK policing, the partnership ensures world-class innovation within public-sector margins. The five-year partnership builds capability in stages of increasing sophistication; an ambitious operational blueprint, next-generation enabling services and increasingly agile ways of working, positioning us to achieve ground-breaking capabilities by 2020.

From the way in which the public contact the force, to how we respond, investigate and prevent re-offending, this ambitious programme of work radically overhauls all aspects of business with people and technology at its heart. The blueprint is built upon extensive consultation with the workforce, partners and communities. It influences our culture, values, leadership, technology, services, systems and processes, building a cohesive model based upon four foundation principles:

Designed to Listen & Learn – adopting a new approach to working with the public, partners and each other.

Geared to Prevent Harm – preventing crime and offending before people can be harmed.

Prepared to Respond at Pace – adopting a more agile, mobile and effective response to problems in communities.

Ready to Learn & Adapt – becoming a more active and innovative learning organisation.

All of the above principles are underpinned by putting our people at the heart of what we do. Each business case is meticulously considered and benefits-focused with Accenture contractually bound to deliver benefits, yet not guaranteed commissioning opportunities. Staff participate at every stage, from design to delivery, and at all levels from executive sponsor to practitioner change agent. Accenture's contractual obligations extend to business readiness, ensuring support and preparedness throughout. The scale and pace of change is staggering with over 30 projects live at any time.

Accenture's global technology expertise has enabled rapid development. Cloud-based systems underpin our enabling services, seamlessly connecting resource-management with HR, Finance and Technology Services. Apps are intuitive for the most technology-shy and our Digital Experience for Citizens portal has been road-tested with real Midlandsers aged 15 to 83! With a familiar look and feel it will absorb volume demand and intuitively signpost services, yet quickly identify vulnerability and need.

Stage one of the new operating model was achieved in November 2016:

- > Bringing Intelligence, 999 and 101 call functions together to enable intervention-focused call and incident management.
- > Provision of body-worn video and sophisticated mobile data to first responders, reducing return-to-base restrictions.
- > Introduction of modern, agile working principles with estates refurbishment and state of the art custody facilities.
- > Development of force-wide Response and Support functions supporting dedicated Neighbourhood Policing Units, enabling an Intervention and Prevention focus.
- > 24/7 real time intelligence provision to add real value to all calls for service and centralised Mission Support to ensure prioritisation of resources force wide.

Already the new model has improved call grading and threat assessment, reduced response pressures and enabled a global approach to resource planning. Staff have grasped new technologies, making fabulous use of apps to streamline the demands of paperwork, addressing vulnerability through intelligent referral and embracing better use of buildings to free up nearly 50 per cent of expensive space. Dedicated neighbourhood staff are released from resourcing operations to focus upon meaningful intervention activity alongside successful offender management teams.

As we take stock and look to 2020, we are exploring the opportunities inherent in national capabilities like the emergency services mobile communications programme (ESMCP), the National Law Enforcement Data Programme (NDLEP), and the Specialist Capabilities Programme whilst also leading the way in a consortium of forces developing a national big data analytics solution.

*Louisa Rolfe
Deputy Chief Constable,
West Midlands Police
@DCCLouisaRolfe*

Matt Warman MP



What does a modern, digital state look like? On the surface, pretty similar to the one we live in now. Underneath, the consequences are profound – the greatest challenge is knowing where to start.

A key principle – adopted already to some extent – must be to take the points of greatest friction and address them as quickly as possible. So, for instance, just after the birth of a new baby, few parents are filled with joy at the necessity of a visit to the Register Office. In New Zealand, this can to some extent be done online. In the UK, a baby might be assigned an NHS number not at the moment of birth but while still in the womb; registering the birth itself, and attaching a name to that record, might soon be simply a box ticked on a form, seamlessly. Yet what sounds so simple (and admittedly emotionless) requires a revolution of IT both in the NHS and in local government.

The staggering complexity of those two tasks is outweighed only by the huge value – financial and social – of getting it right.

That one example, however, highlights several points: computer systems in organisations such as the NHS are now infrastructure – they are national issues that should be managed from the centre. That means national specifications for contracts or services, and competing products, with total interoperability mandated, that local services can use. The Government Digital Service might, for instance, choose to blaze a trail by building best-in-class prototypes, and maybe even spin them off into companies that can compete in the open market. That way, every GP surgery could have the off-the-shelf appointments

system that also shows whether neighbouring surgeries have better availability.

Likewise, where for instance a birth is registered locally, the software might want a council's crest on every webpage, but underneath the skin the savings offered by not building a single thing multiple times is an enormous prospect.

Those basics, however, are not the end of innovative public services: if every council used compatible services for, say, voter registration, many would question the size of the building blocks of local government itself.

Where, some ask, does this end? The answer might be with fewer councils, but it should be with each citizen being able to see what data the state and third parties holds about them, and able to choose to share, say, a medical record with a benefits office to prove entitlement to an allowance. Facebook could plug in too.

And it might also end with citizens able to see or even to some extent control where their individual taxes can take them or our country. That innovation might not only revolutionise public services but it might do something impossible any other way: restore a little faith in democracy itself.

*Matt Warman MP
Member, Science and Technology
Committee
@mattwarman*

Government at your service

Reform comment



Asking what your country can do for you would have John F. Kennedy turning in his grave. Times are changing, however, and citizens expect much more from government today than in decades past. If people can order groceries from the sofa or bank in bed, it's hardly surprising they expect the same relationship with public services.

And government should respond. Technology can improve access to core public services. Waiting an average of 47 minutes to speak to HMRC about self-

assessment tax returns in late-2015 is anathema to the 88 per cent of people who use the internet. Having to appear in court in person slows the criminal-justice system: magistrates' court cases take five months to complete. Better online information and chat bots would make government more accessible; video links to courts can speed up hearings and reduce the amount of time witnesses and police officers waste waiting for court appearances.

Technology should not just accelerate traditional ways of working, however. It should disrupt them. In healthcare, this means creating a world in which your doctor comes to you. Smartphone apps can do this 24 hours a day by providing information for the 60-plus million GP appointments consumed each year by the 'worried well' – or the 10 million A&E appointments which end with no more than advice being given.

Designing services around people requires a shift in mentality from policymakers and front-line staff. This requires people to see technology as an asset, not a risk. Better digital skills, a culture where failure in the name of innovation is accepted and the piloting of new approaches will highlight the benefits of new service-delivery models. Involving users in the design of new technology (through 'agile' product design) will ensure that it meets their needs.

Delivering outcomes for people in the twenty-first century requires a government that works for its citizens. Technology is the means to do this. Though Kennedy's Golden Age of capitalism has passed, the Golden Age of public services may just be dawning.

Alexander Hitchcock
Senior Researcher, Reform
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Ultimately, technology-enabled policing promises to reduce crime, support wellbeing and cut costs. For reform to deliver lasting change, however, it must be business, rather than technology, led.
The future of public services: digital policing

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The future of public services: digital policing

William Mosseri-Mario
Charlotte Pickles

April 2016 #digitalpolicing

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The future of public services: digital patients

William Mosseri-Mario

May 2016 #digitalpatients

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The future of public services: digital justice

William Mosseri-Mario
Charlotte Pickles

February 2016

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Smart campuses: how big data will transform higher education

Emilie Sundorph
William Mosseri-Mario

September 2016 #reformHE

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The future of public services: digital jobcentres

William Mosseri-Mario

July 2016 #digitaljobcentres

Jonathan Slater



At the Department for Education we serve a range of stakeholders – employers, parents, schools, teachers, to name a few.

Digitalisation is vital in helping us serve them better, which is why our department's digital strategy is so important. We want to be able to produce digital services so easy to use that our customers prefer to use them.

Our online school and college performance tables have been in public use for nearly a year. They are easy to find and understand, meaning everyone who uses the tables is able to make an informed choice. Parents are given the chance to effectively compare schools and colleges to find the one that's right for their family. Publishing the data also helps schools and colleges do their own analysis – improving accountability and transparency.

Our Digital Apprenticeship Service is also due to go live in April 2017, alongside the start of the apprenticeship levy. Employers can create an account through which they can access funding for apprenticeships, find the right training provider and recruit an apprentice – all through the same portal. We are delivering the Digital Apprenticeship Service in partnership with a number of other government departments, creating a culture of open collaboration and flexibility. For example, the system needed to exchange information with HMRC's Digital Tax Platform about the Apprenticeship Levy – so rather than build a gateway between the two platforms, we set up a cross-departmental team within HMRC that used agile working to build a secure integration between the two systems.

Most critically though, we wanted the service to meet the needs of the employers who will be using it. Our mind-set is that the more we involve users, the more we learn, so the go-live date of our Digital Apprenticeship Service will be the start of delivery, not the end. The Department's digital strategy has users at its core, as we continue to strive for better ways to deliver practical and effective digital solutions wherever we can.

I recently attended the British Educational Training and Technology show (BETT), which demonstrated a number of new and innovative ideas in educational technology from around the world. At last year's BETT, the Secretary of State announced a Data Exchange project to

enable easier movement of data within and between schools and the department. There are many opportunities in this area for the Department and the sector to take advantage of technology and digitalisation, and I look forward to seeing the results.

Jonathan Slater

Permanent Secretary, Department for Education

@PermSecDfE

Daniel Searle



The last few years have seen a huge transformation in how government departments procure, develop and manage the digital and information technologies upon which they rely to deliver services to the public. But if there is one lesson to be learned from these changes, it is that the job is never done. Successful digital transformation relies as much on continuous iteration of the processes and structures by which services are delivered as it does on continuous iteration and improvement of the services themselves. It is now nearly seven years since the election of the Coalition Government under which these reforms were first introduced and the pace at which the art of the possible has advanced since then has only increased.

Whilst digital government services have advanced from the status of exemplars into the mainstream, there is more that can and should be done. Recent changes in the leadership and direction of both the Cabinet Office's Government Digital Service and individual departments suggests that we are on the cusp of the next-generation of digital policy. Moving the work of the Department for Work and Pensions' Digital Academy into the centre so that all departments can benefit from this approach will ensure that an understanding of digital is no longer a specialist skill, and digital will increasingly become an essential part of every civil servant's capability.

Notwithstanding the many successes of the past few years, there are a number of challenges which departments and the centre must now tackle if they are to drive digital to the next level. Digital transformation must become end-to-end and address the legacy systems upon which existing services rely. This is an

essential step to enabling government organisations to start to use the data held in and generated by their online services to better focus them on the needs of individual citizens and drive the next generation of efficiencies from digital. Departments and their technology suppliers must make further efforts to adopt agile development and the "DevOps" support model so that they can continue to evolve online services and properly integrate these with existing investments in technology. Government digital teams, whether in-house or involving suppliers, must build upon the step-change in the quality of government web services that we have seen over the last few years and embrace the full suite of today's digital technologies, including mobility, big data analytics, automation, robotics, and the Internet of Things. And we must ensure that all of these systems are properly secured against the ever-increasing threats of cyber-attack, so citizens can have full confidence that their sensitive data is being managed appropriately.

Finally, the governance and procurement models used to support the Government's end-to-end requirements for technology must also evolve, informed by lessons from the last few years, so civil servants and supplier staff can work together more effectively to meet citizens' ever-heightened expectations for digital government services that mirror the best that they experience from the commercial organisations with which they interact.

Hewlett Packard Enterprise is one of the world's leading technology companies, and a longstanding supplier of digital and IT services to the UK public sector. We constantly seek to apply the lessons from our experience with some leading businesses and governments around the world into the work we do for our public sector clients, so that we can help them scale their digital transformation efforts in order to deliver long-lasting and significant benefits for service users and the taxpayer.

Daniel Searle

Chief Digital & Information Officer, Public Sector, Hewlett Packard Enterprise

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Whitehall's stories of success

Reform comment



The *Yes Minister* stereotype portrays Whitehall as inherently resistant to change. But over the last few years, some branches of government have undergone a quiet revolution.

One catalyst has been digitisation. The customer service of public institutions has been transformed by the Government Digital Service. Applying for a driving licence, for example, now resembles the type of experience you would expect to receive from a high-performing private-

sector firm. Most impressive is the speed at which these tools can be designed. GDS built the world-class GOV.UK website with just 16 people in 12 weeks.

Digital has also modernised Whitehall's back-office functions. Since 2012, departments have had access to the G-Cloud – a streamlined digital marketplace for buying cloud-based products. The major success of G-Cloud has been to boost the number of SMEs bidding for – and winning – central government contracts. Late in 2015, the Government announced its intention to extend the online marketplace to other goods and services that government purchases.

The emergence of digital government has had repercussions for the workforce. Through online services and rolling out real-time information, HMRC reduced its headcount by more than a third – contributing to efficiency savings worth £210 million.

For other departments, the savings that workforce reform can bring was the principal driver of reform. The Department for Education's staffing review found that only 3 per cent of employees were formally assigned to flexible teams with clearly defined projects; a target to cut staff by 30 per cent was set in April 2013. The Levene Review – arguably a more radical example of transformation – saw the Ministry of Defence become a leaner and higher-skilled organisation.

In his speech to *Reform* last year, the Cabinet Office Minister Ben Gummer MP argued that “too often the public is made to feel as though they are the servants of the government.” Reformers all over Whitehall are reversing that relationship – long may they continue.

William Mosseri-Marlio
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REFORM

Cloud 9: the future of public procurement

Alexander Hitchcock
William Mosseri-Marlio

March 2016

#reformprocurement

REFORM

Faulty by design. The state of public-service commissioning.

Eleonora Harwich
Alexander Hitchcock
Elaine Fischer

January 2017

#reformcommissioning

REFORM

Work in progress. Towards a leaner, smarter public-sector workforce.

Alexander Hitchcock
Kate Laycock
Emilie Sunderlyn

February 2017

#reformworkforce

In Whitehall, pioneering departments have made efforts to reduce the number of roles. HMRC has reduced the workforce from 96,000 in 2005 to 60,000 a decade later through expanding online services and rolling out real-time information, enabling fewer contacts between tax advisers and users.

Faulty by design: The state of public-service commissioning

A single portal for government buyers and suppliers – where commoditised products can be purchased at speed and bespoke goods shaped through online engagement – offers a bright new future for public-sector procurement.

Cloud 9: The future of public procurement

Bernard Jenkin MP



Reform of the civil service always seems to fall short of expectations. The Institute for Government noted in a 2014 report that each of their case studies of successful reform “end in failure of one sort or another. Most reform interventions have a shelf life and need to be reinvented - something that is rarely done well.” As a consequence, the civil service finds itself returning to the same issues time and again, but failing to bring lasting solutions to some of its most persistent challenges.

Why is this and what are the behaviours that can sustain meaningful learning and change in the civil service? This is the question the Public Administration and Constitutional Affairs Select Committee (PACAC) sought to answer in our 2013 Report, *Truth to Power: How Civil Service Reform Can Succeed*, and it is the question that this select committee is again exploring as part of our latest civil service inquiry.

There are, of course, many cases of successful reform across Whitehall, and important lessons can be drawn from identifying and examining these examples. One possible area for investigation was presented to me last November when I was speaking at the Institute for Government on PACAC's civil service inquiry. Sir David Omand, former Permanent Secretary at the Government Communications Headquarters (GCHQ) pointed to the success of GCHQ in adapting to and harnessing the advantages of rapid technological development. Why, he asked, had GCHQ managed this so successfully, where others had failed?

One explanation, as Sir David suggested, is that GCHQ managed their digital transformation without the use of external consultants. This creates a key demand and expectation that staff will themselves find solutions to the problems and challenges they face. When there is bias towards relying on consultants, rather than tackling issues in house, this tends to result in a disengagement from those who should be most engaged. Appearing before the Public Administration and Constitutional Affairs Select Committee in November, Lord Kerslake, former Head of the civil service, identified the need to improve engagement as a key factor in determining successful reform.

This points to a more fundamental challenge for today's civil service. How can the civil service underpin its own sustainability as an organisation, when it is ministers, rather than civil servants, who are accountable for its organisation and future? Both Lord Kerslake and Lord Butler agreed that government must recognise that long-term stewardship of the civil service is “an activity that will go beyond their particular administration” and ministers must be willing to subscribe to that.

The key to successful reform is therefore to recognise that reform is not something that ministers do to the civil service, but it is a cooperative effort. That is only possible if ministers and officials understand their respective roles, and trust each other, or there will be no open discussion, no open-minded exploration of concerns and options, and no genuine joint understanding of what needs to be reformed. Ministers are somewhat removed from GCHQ. Nevertheless, they feel able to rely on its performance and trust its leadership. What lessons from this would benefit the rest of Whitehall? I hope that the report on our present civil service inquiry will shed light on this question.

*Bernard Jenkin MP
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Constitutional Affairs Select Committee
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Jane Cunliffe



“Putting the public finances on a sustainable path is vital to securing a strong and stable economy. The Government remains committed to returning the public finances to balance, ensuring that the UK lives within its means.” (Autumn Statement, 2016)

The Government announced in Budget 2016 that it would be taking forward an efficiency drive across government.

I know that this Review is right at the top of the Chief Secretary to the Treasury's priorities, and in his first week in the job he delivered a speech to *Reform* on improving government efficiency and encouraging innovation. The Chief Secretary is working alongside the Minister for the Cabinet Office, the keynote speaker for this conference, to deliver the Efficiency Review.

The Efficiency Review has a broad focus, looking at how government can embed efficiency to help to deliver modern,

flexible public services over the longer term, and supporting government to identify the £3.5 billion of cashable savings needed in 2019-20. Ongoing research and support from *Reform* will be key to helping the Government consider the options available to deliver these objectives.

The Chief Secretary believes that the centre of government can act as a hub for ideas, promoting and sharing the successes of one department with others. This could include improving government procurement, increasing sharing of resources across government departments, and considering alternative models to deliver public services more efficiently. I believe working together across government and the wider public sector will be essential in delivering the Review and identifying new ways of working that allow us to deliver more, and better, for less.

We have many good examples where the Government has successfully delivered efficiencies. For example, the introduction of GOV.UK helped to consolidate over 685 websites from over 300 agencies and government organisations onto a single platform, improving functionality and resulting in savings of £61.5 million in 2014-15.

We have also exited 2.4 million square metres of surplus property since May 2010, an area bigger than the entire state of Monaco, generating nearly £1.8 billion in capital receipts and saving over £750 million in running costs.

Alongside the Efficiency Review, the Cabinet Office, through their functional agenda, have continued to develop a number of cross-cutting programmes that can help departments make efficiency savings.

The functional agenda is key to strengthening government's capability in areas such as digital, commercial and finance, and supporting cross-government transformation and efficiency. The functions help departments deliver government policy and objectives, by bringing specialist delivery skills and a cross-cutting perspective.

That's not to say it will be easy. And implementing the agenda will require Whitehall to collaborate and work across traditional boundaries to identify further efficiency opportunities.

But as the Chief Secretary said when he spoke at *Reform*, good governments are always looking to improve, so I am looking forward to participating in this conference and hearing further ideas for driving efficiency.

*Jane Cunliffe
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How will we pay for the welfare state?

Reform comment



More than £1 in every £4 that government spends goes on social security benefits. In 2016-17 this equated to almost £212 billion, or around 11 per cent of Gross Domestic Product. By comparison, the other key planks of the welfare state combined, the NHS and education system, will spend just 85 per cent of that. With an ageing population, increasing disability prevalence, persistent low pay and an uncertain fiscal outlook, pressures on social security are high.

The 2010 Parliament saw an endless stream of demands for cuts to working-age expenditure. As a result, the benefit bill for

working-age people and children is forecast to be £94.4 billion this year, £2.6 billion lower than in 2009-10. During the same period, pensioner expenditure increased by £13.5 billion, to £117.4 billion in total. This reflects not only the protected status of pensioners, but also the difference in approach to uprating their benefits. Whilst pensions are enjoying a generous triple lock (the cumulative cost of which will pass £20 billion by 2017-18), working-age people are getting progressively poorer each year due to a benefits freeze.

The intergenerational unfairness of this approach is starker still when considering that pensioners are now least likely to be in income poverty. Increasing the state pension age is key to ensuring a sustainable pension system, but so too is scrapping the unaffordable and unnecessary triple lock. Encouragingly, the new Chancellor has indicated he may be open to this.

Tax Credits, Housing Benefit, and Employment and Support Allowance (ESA)

together account for almost two thirds of working-age expenditure. As (predominantly) income-related benefits, they support people struggling to make ends meet, the “just managing” identified by the Prime Minister.

In each of these areas, benefit payments are picking up the pieces of failed policy elsewhere. Reducing Tax Credit spend means supporting people to earn more. Reducing the cost of Housing Benefit means addressing the shortage of affordable, social and low-rent homes. Spending less on ESA means helping more disabled people move into work – though as *Reform* has highlighted, it also means reforming the benefits system.

It is in delivering these reforms that the Government’s domestic legacy should lie.

Charlotte Pickles
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The best way of reducing working age welfare expenditure is by reducing the demand for it. This requires a system that helps people stay in, move into and progress in work.

How to run a country: working age welfare

The triple lock is the primary driver of long-term spending growth on the State Pension, accounting for more than 70 per cent of... increased expenditure over the next 50 years.

Updating uprating: towards a fairer system

REFORM

Updating uprating: towards a fairer system

Alexander Hitchcock
William Mosseri-Marlio
Charlotte Pickles
James Zuccollo

October 2015

#reformuprating

REFORM

How to run a country: Working age welfare

Charlotte Pickles
Hannah Tittley

June 2015

Rt Hon Steve Webb



Along with many other developed economies, the UK faces a public-spending crunch over the coming decades. An ageing population brings with it rapidly growing unfunded bills for state pensions, public service pensions, healthcare and social care. At the same time, the relative size of the working-age population is set to shrink. If future generations of workers and their employers are not to face sky-high rates of taxation, something has to give.

One of the biggest things which will have to change is our attitude to ageing and to older workers in particular. It is normal in discussions of this sort to quote statistics based on the 'dependent' elderly population which has to be 'supported' by the working-age population, and the dividing line between the two groups is almost invariably set at 65. But these crude statistics tell us very little about the ability of the working-age population to pay for public services for the dependent elderly.

First, in many respects, 65 is no longer 'old'. After October 2018 neither men nor women will be able to draw a state pension on their 65th birthday, and pension ages are set to rise to the late 60s and potentially beyond for today's new workers. Our ability to fund pressures on public spending in future will depend crucially on how far we can retain, retrain and recruit older workers so that they remain on the taxpaying side of the balance sheet.

Second, whilst many people can and do work past pension age, many stop short, whether due to ill health, caring responsibilities or unemployment. This is a waste of people's potential at the best of times and in an era where there are huge calls on spending from an ageing population we simply cannot go on like this. Much more therefore needs to be done to prevent avoidable early exit from the labour market. A range of policies are needed, including things like: improved occupational health in the workplace; more support for career moves to less physically demanding jobs in later life with associated retraining; more help to enable carers to remain in the paid labour market; and action to ensure employers do not discriminate against older workers and older job applicants.

Supporting older workers is a specific example of a much more fundamental

principle. If we are going to have an affordable welfare state, we need to look at prevention and not cure. Much welfare spending is about picking up the pieces after things have gone wrong. By far the most humane approach to managing welfare bills is to tackle the root causes of high spending. Whether this is policies such as supporting frail elderly people to live safely in their own homes rather than needing expensive institutional care or making sure workers with low-level health problems get support to ensure that they do not turn into long-term sickness absence, we can reduce the pressure on public spending and produce better outcomes for individuals. This is where the creative thinking needs to happen.

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Sumita Shah



All decisions have consequences and the financial consequences of public policy decisions become apparent when we start to crunch the public-sector finance numbers.

The national debt is now over £1.5 trillion or 83 per cent of GDP and expected to grow to under £2 trillion in the next five years, the highest level of public indebtedness ever seen. And the consequences of policy decisions on areas such as pensions provision for public sector employees, how to manage clinical negligence in the NHS, and the cost of cleaning up the nuclear industry only serve to increase these numbers. When these items are included, total current liabilities, today, already exceed £3.5 trillion, or in simple terms, they are at 191 per cent of GDP. This is a staggering £130,000 per household.

So, how does this impact on future generations and on services that we receive? If government continues to manage in the way it currently does, then the future doesn't look good. The current policies of only managing current spend are not working. They are increasing our debt and the amount of interest that we pay on a day-to-day basis, and this is effecting our economic growth and welfare. We believe that the government needs to take a more business-like approach to dealing with liabilities. It needs to think more about future spend and the

associated risks of out-of-control public expenditure and the increased impact it has on services like health, education and social welfare.

With debt at such high levels, it is imperative that the Government has an effective strategy to manage its exposure to the associated risks. For example, it could consider increasing clinical staff levels in high-risk areas, to increase quality of care which would in turn reduce the overall bill for clinical negligence (currently set at £29 billion for clinical negligence claims).

Similarly, the majority of businesses have moved employees to defined contribution pension schemes, yet government staff are still on defined benefit schemes. This is expensive and risky and the cost falls to the public purse with estimated future costs calculated at approximately £1.5 trillion (similar to the national debt figures). Using public money to fund runaway growth in civil service pensions means less money for other much-needed services.

The national debt is higher than at any time, other than the aftermath of a major war – the UK Government last published a debt management strategy in 1995. A lot has happened since then, so a refreshed strategy is long-overdue. The Government has always taken an economist's view of public finances, but we believe that it's now time for it to take an accountant's view and bring a more business-like approach to managing public finances.

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