



PRIORITIES FOR A NEW GOVERNMENT

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About *Reform*

Reform is established as the leading Westminster think tank for public service reform. We believe that the State has a fundamental role to play in enabling individuals, families and communities to thrive. But our vision is one in which the State delivers only the services that it is best placed to deliver, within sound public finances, and where both decision-making and delivery is devolved to the most appropriate level. We are committed to driving systemic change that will deliver better outcomes for all.

We are determinedly independent and strictly non-party in our approach. This is reflected in our cross-party Advisory Board and our events programme which seeks to convene likeminded reformers from across the political spectrum.

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Five priorities for the new government

“Britain’s new Government has been formed in an era of crisis. At home, public services are crumbling, the economy is stagnating and our communities are fractured. Trust in our institutions is at rock bottom, and there is deep disillusionment with politics. Abroad, tensions are rising as geopolitical instability grows. Demographic and technological change are exacerbating both.

Yet the new Government, with its historic majority, has an opportunity to rebuild faith in the ability of the State to improve people’s lives. It will only achieve this, however, if it is willing to radically reimagine outdated public service models, to stop hoarding power at the centre and instead devolve by default, to overhaul a too rigid, homogenous and bureaucratic Whitehall machine, and to think in decades not 24-hour news cycles.”

Charlotte Pickles
Director

Programme:

- ✓ Establish a next-generation devolution programme
- ✓ Decentralise health budgets and abolish NHS England
- ✓ Establish the machinery for mission-led government
- ✓ Radically reboot the Whitehall talent, recruitment and HR system
- ✓ Link spending to outcomes, not programmes

Establish a next-generation devolution programme

In brief: Even after a flurry of combined authority devolution deals, English government is overcentralised, holding back economic productivity and fuelling significant regional inequalities. The new Prime Minister should reject an overcentralised approach and publish a new devolution framework to guide further decentralisation of public services across England, based on the strengthening of local capacity and capability. This would unlock the full potential of local systems, enhance public service outcomes, and strengthen the State's ability to deliver on ambitious, cross-cutting missions. It would also enable a reboot of central-local government relations and, by reducing Whitehall's administrative micromanagement, create a more strategic, agile, and efficient central government machine.

The Government should:

1. Create an ambitious new devolution framework, with an intergovernmental group to continuously review and steer devolution policy.
2. Mandate the regular assessment of new and existing policies and powers for their suitability to devolution to regional and local government.
3. Strengthen local authorities and build capacity for more powers, with bodies and networks to promote continuous improvement and deepen the maturity of local systems.

A new devolution framework

In recent years, English devolution has experienced a renaissance, with new Combined Authorities beginning to establish the 'missing tier' of regional governance in many parts of the country. But this is devolution as a narrowly-defined project: focused in some places, and on a small set of additional powers. A new framework, offering expansive new powers over local transport, skills, and economic development available to the most systemically mature regional authorities such as London, Greater Manchester, and the West Midlands – and a clear process for building capacity in other regions – could unlock enormous growth and delivery potential across England.

There are promising signs that the new government has recognised the urgency of this agenda, committing to a "full reset" of central-local relationships and legislation for further devolution. To ensure that this leads to lasting change, one of the new government's first steps should be the establishment of a new intergovernmental group, composed of

representatives from the Cabinet Office, the Treasury, and the Ministry for Housing, Communities and Local Government, alongside local government leaders.

This group should be specifically tasked with administering a newly revised and extended devolution framework. The ambitious upper 'levels' of this framework should see regional authorities assume responsibility for functions currently held centrally by NHS England and the Department for Work and Pensions, and a clear roadmap to fiscal devolution. The lower 'levels' should be arranged so that Combined Authority powers are not wholly tethered to specific deal-making with Whitehall, but are available by default.

Continuously assess policies for devolution

To finally move the dial on English overcentralisation, Whitehall's culture must shift conclusively toward a 'devolve by default' model.

The new Government should roll out a new policy devolution procedure to every Whitehall department. This should include tools to regularly reassess active and developing policies for their suitability for devolution, rather than operating from the assumption that every policy should be centrally managed from Whitehall. The same process should also provide a systematic way to help determine whether specific local and combined authorities are 'devolution ready', evaluating those systems against a clear set of 'maturity metrics'.

This process would help identify which policies can be effectively managed at local levels, thus ensuring that decisions and accountabilities are situated at the most appropriate scale of governance.

Build capacity and devolution-readiness

Historically, Whitehall has been apprehensive about the capacity of local government to take on challenging new functions. The success of new Combined Authorities in the last decade shows this assumption is false. To build local capacity to take on greater levels of devolution, the Government should help to establish a comprehensive peer learning function. This could build upon the peer learning and challenge networks that already exist across the sector and through the Local Government Association, and be facilitated by an operationally independent Office for Local Government (Oflog).

This would position Oflog in the role of fostering and supporting continuous improvement in line with a coherent, nationally-recognised framework for system maturity. Transitioning Oflog to an arms-length body would ensure its operational independence and effectiveness in supporting and strengthening local government to play a greater role that in turn will free-up capacity elsewhere in the system.

See our research for more detailed policy thinking in this area:

➤ [Devolve by default: decentralisation and a redefined Whitehall](#)

Decentralise health budgets and abolish NHS England

In brief: The health and care system was designed for a different age. The new Government should urgently focus on the shift towards prevention to respond to the changing disease burden that now dominates health expenditure. As a critical first step in the shift to prevention, the overcentralisation of the health system – even after the recent introduction of Integrated Care Services – must be addressed. As the regional tier of local government matures, the majority of the NHS budget should be devolved to directly-elected regional leaders, who are better placed to rebalance investment into preventative services and find productive integrations with other locally-delivered public services.

The Government should:

1. Devolve all but a few highly specialist NHS services to an appropriate tier of local government, achieved via a block grant lasting a minimum of five years.
2. Consolidate funding streams for health and care commissioning, shifting to a single, non-ringfenced health and care budget provided to the relevant tier of local government.
3. Create specific financial incentives for prevention, which target funding streams towards primary and community care and disincentivise ever-more investment into hospitals.

Devolve accountability and budgets

The new government has signalled a commitment to reform the English health system. The heart of any such effort must include systemic decentralisation. England has one of the most centralised health care systems in the world, and despite long term commitments to move resources out of the centre, it has grown increasingly top-heavy in recent years.

The case for devolution of healthcare is well established. Different demographic profiles, levels and types of morbidity, and health behaviours lead to highly divergent requirements for health services in different places. Local decision makers are closer to service users and can use local institutional and community knowledge to build more responsive approaches to health and care provision.

There are select responsibilities which should remain at the centre – core regulatory, digital and commercial functions, among others – but core commissioning and planning should be largely devolved. Combined authorities, strengthened with sufficient capacity and comprehensive accountability systems, would be a logical home for these powers. Operating at a strategic regional scale, they can work closely with constituent local

authorities to pool the knowledge and resources of local areas and plan more tailored services.

Consolidate funding streams

One of the key issues within the current system – helping to explain why it has consistently failed to make the shift away from acute towards more preventative services, a commitment reiterated by the new Government – is its siloed funding model. Different lines of accountability and funding models between healthcare, public health, and social care obstruct attempts at integration. The parcelling up of funding between these services – and, indeed, other services which create health – contributes to a siloed approach, ill-suited to the health challenges of our age.

A single, non-ringfenced health and care budget including funding for secondary care, primary care, public health and social care should be devolved to the level of regional authorities, as the devolution model matures across the country. Integrating funding pools between primary and secondary care is paramount. A critical element of this system would be a longer-term funding settlement. In the current system, despite the decentralisation of budgets to ICBs, national tariffs and contracting lock resources into existing ways of working.

Local areas should have the flexibility to spend this money in ways best suited to boosting population health in their area. Given their control of many of the services which act as core levers for improving population health, including housing, children's services, leisure and cultural services, planning and local transport, local authorities may choose to prioritise non healthcare spending to boost outcomes.

Create the incentives for prevention

Consolidating funding streams is the first step, but careful consideration must also be given to where power lies within, and how money flows through, the health and care system. Decisions about these will determine, to a large extent, what services are incentivised. Current financial models are valuable in driving activity in particular areas (for instance, activity-based hospital payment models incentivise reducing treatment backlogs) but do little to help reorient our health system around the principles of population health management.

Combined authorities should experiment with incentive models used in other healthcare systems to disincentivise secondary care wherever possible. These include co-financing models, as used in Denmark, and funding tied to specific priority areas and targets, which is used in both Denmark and Israel. Central government in Israel also impose controls over hospital resource expenditure, shifting care in to the community.

See our research for more detailed policy thinking in this area:

➤ [Close enough to care: A new structure for the English health and care system](#)

Establish mission-led government

In brief: The times when the State has delivered, or helped deliver, something extraordinary – such as rolling out a highly effective vaccine to combat a global pandemic only a year on from its outbreak – have been characterised by government having a clear, unifying *mission* to act on. Government should recommit to a small number of extremely ambitious missions. To succeed, these cannot be regarded as ‘business-as-usual’ objectives, stacked onto an already-stretched government machine. Instead, government should set up separate infrastructure and teams, with a mandate to work in more agile and risk-taking ways, to deliver its most ambitious aims. These will require the personal sponsorship of the Prime Minister, something the new PM has already committed to providing.

The Government should:

1. Establish a small number of specific, time-bound ‘technological innovation’ missions (for example, a mission to radically reduce the cost of renewable energy). These should be led by a ‘Mission CEO’ who reports directly to the Prime Minister.
2. Create distinct delivery mechanisms for ‘performance innovation’ missions (such as, for example, eliminating NHS waiting lists). These should be driven by a central government Missions Unit, reporting to a dedicated Missions Board that is chaired by the PM.

Technological innovation missions

Missions that depend on the development and uptake of bold technological advancements require a degree of urgency generally anathema to the Whitehall machine, and much greater experimental flexibility. At the same time, in areas with a higher degree of technological certainty, government must double down on its investment and deployment.

Government should begin with identifying a portfolio of potential solutions that could help advance a technological innovation mission. An ‘Expert Council’ should be assembled comprised of people with real operational and delivery experience to provide early input on the mission’s design. A CEO-style leadership model would promote the agility and autonomy needed for such missions to succeed. The rewards package for attracting a successful mission CEO should be significant and outside of the usual Whitehall rules.

Already, government has announced that an external expert will lead its Net Zero mission from a newly formed “Mission Control” with the ability to “troubleshoot and clear the way for

energy projects”. This approach should be extended, and a similar control centre established, for each mission focused on technological innovation.

Notable weaknesses in how the UK funds public sector research and development should also be addressed, with a single business case covering the entire mission spending programme. The Secretary of State for Science, Innovation and Technology should instruct UKRI to reorientate the activity of its research councils towards missions.

Performance innovation missions

Performance innovation missions focus on achieving unusually ambitious or unprecedented public service outcomes. They call for a high degree of coordination between sectors and changes to the way frontline services are delivered. They often have several possible, but already known, solutions.

To ensure these missions are credible and there is a robust plan in place to deliver them, government should draw on outside expertise to ‘red team’ its strategy: legitimising different perspectives, presenting contrary views and counteracting the risk of groupthink.

To understand and remove practical barriers to delivering performance innovation missions, and ensure departments maintain a sharp focus on them, there should be an empowered analytical team, or ‘Missions Unit’, based in the centre of Whitehall.

The Unit should have a full-time Chief Exec, who is the point of contact for all performance innovation missions across government. There should additionally be a ‘Mission SRO’ for each mission, responsible for coordinating cross-departmental activity and engaging relevant Secretaries of State and permanent secretaries.

There must be clear leadership of performance innovation missions on the political side, bringing together the relevant Secretaries of State through a ‘Mission Board’ as well as the Cabinet Secretary – to communicate the importance of missions to permanent secretaries.

See our research for more detailed policy thinking in this area:

➤ [Mission control: A how-to guide to delivering mission-led government](#)

Radically reboot the Whitehall talent, recruitment and HR system

In brief: The quality of civil servants underpins the quality of all government policymaking and the delivery of public services. Despite this, Whitehall does not prioritise attracting and developing the careers of exceptionally talented people, or decisively address systemic poor performance. The Prime Minister should direct the Cabinet Secretary to immediately reset the civil service's attitude to exceptional talent and performance management.

The Government should:

1. Appoint a new Chief Talent Officer, recruited from outside government, with overall responsibility for the recruitment and development of exceptional talent.
2. Create a new, highly competitive, Mid-Career Fast Stream, partially modelled on the Fast Stream but overseen by the Chief Talent Officer.
3. Set up new Performance Units in every Whitehall department to support line managers in initiating and delivering performance improvement processes and removing repeat poor performers.

Talent leadership

Central talent leadership is crucial to the success of an organisation, however unlike other high-performing organisations the civil service lacks one single individual or team solely responsible for this. Given the importance of recruiting and developing talent, a Chief Talent Officer position should be created immediately.

A major barrier to attracting talented individuals is pay, with total remuneration for Senior Civil Service roles now significantly below comparable private sector positions. And alternative benefits — for example the pension offer — are no longer as attractive as they were, particularly for exceptional performers who will be more confident in their long-term earning potential.

Current processes for offering higher salaries outside of normal pay bands are too rigid and slow, with departments required to submit a business case and applicants typically not knowing the outcome until well after the recruitment process. The Chief Talent Officer should have a set budget with full discretion to use this to attract exceptional talent into the civil service.

To get the most value out of exceptionally talented individuals within Whitehall, their careers should be actively managed. Current talent management schemes operate on too large a scale to be targeted at these exceptional people, are detached from the performance appraisal processes and do not have a direct bearing on an individual's career opportunities. These talent management schemes should be discontinued and phased out, with exceptionally talented individuals instead being part of a new and smaller Leadership Development Scheme, managed by the Chief Talent Officer.

A Mid-Career Fast Stream

Most efforts to recruit exceptional talent into the civil service focus on the Senior Civil Service, while those at an early stage in their career can enter through the Fast Stream – there is no transparent route in for those at the mid-point in their careers. The government should fill this with a new Mid-Career Fast Stream.

This scheme would provide an entry point for those with the experience and sense of public service who could be highly successful in Whitehall, but may not currently consider a civil service career because they do not know which specific role to apply to. Providing a curated onboarding process with specialised training would also mitigate against the risk of ‘tissue rejection’, whereby external hires struggle to assimilate into the civil service’s culture.

Performance management

All large organisations expect to see variation in the performance of staff. However, unlike other organisations, the civil service finds addressing repeat poor performance particularly challenging. In a survey *Reform* conducted with *Civil Service World*, 87 per cent of line manager respondents disagreed with the statement that “the civil service in general manages poor performance well”.

A major barrier to tackling poor performance is the lack of incentives for line managers to initiate timely action. Performance management processes are highly bureaucratic, resource intensive and emotionally draining. Furthermore, this burden falls primarily on line managers on top of their day-to-day responsibilities. Instead, poor performers are more likely to move to a new role or department than be moved out of the civil service.

Dedicated performance units should be set up in every department to support line managers in initiating and delivering performance improvement processes. These would make tackling poor performance a less onerous task by reducing the administrative burden on line managers and making support easier to access within departments rather than having to rely on remote self-service helplines.

See our research for more detailed policy thinking in this area:

➤ [Making the grade: Prioritising performance in Whitehall](#)

Tie government spending to outcomes, not programmes

In brief: Public spending in the UK is now equivalent to 45 per cent of GDP, up from just over a third in 1990. With departmental settlements under significant strain, ensuring every pound of public spending achieves its maximum impact is not just a ‘nice to have’ but a moral imperative. Spending decisions should be much more strategic – based around government outcomes as a whole – rather than the product of inter-departmental competition for programme budgets. Despite this, and commitments in the previous spending review, to link bids with evidence that funding can help secure a department’s priorities, expenditure is rarely tied to specific outcomes. Outcome Delivery Plans, which should provide this link, are currently little more than a box-ticking exercise.

The Government should:

1. Place Outcome Delivery Plans, which provide an overview of a department’s priority outcomes and the resources attached to them, or something similar, on a statutory footing – creating a link between expenditure and outcomes.
2. Ensure that departments are able to produce and share robust, real-time performance information.
3. The completion of evaluation plans should become a condition of spending sign-off from Treasury. In the interests of transparency, the Evaluation Taskforce should issue guidance to departments making clear that evaluations should be published by default wherever possible.

Strengthen Outcome Delivery Plans

Tying spending to outcomes is vital for effective government. An excessively ‘input-oriented’ approach – centred around individual programmes rather than the outcomes government aims to deliver – can make it harder to achieve system-wide goals and to promote smarter, more efficient spending.

Since the introduction of Public Service Agreements (PSAs) in 1998, it has been an aim of successive governments to incentivise a focus on outcomes through the use of a consistent, cross-Whitehall frameworks for monitoring and performance management. However, the latest iteration of these, Outcome Delivery Plans (ODPs), are inconsistent in the way they record performance information, have not been published in over two years, and for the most part, do not provide enough detail to enable genuine scrutiny. The

numbers used are often misleading, and ODPs are not handled transparently or treated as important.

ODPs, or a new model of publication, should be placed on a statutory footing and published in full annually (except where doing so would comprise national security). They should form the basis of annual scrutiny hearings by departmental select committees, to assess whether public spending has helped secure the outcomes intended.

Improve information for tracking outcomes

What gets measured gets done. Alongside committing resources to specific outcomes, government should strengthen the performance information used to track progress towards departmental priorities, which are currently often described in quite abstract terms.

High-quality management data, linked to organisation-wide objectives, is common in the highest-performing private sector organisations; in Whitehall, it is rare.

To track progress towards outcomes, improve decision-making and allocate resources more efficiently, robust, real-time performance information must be seen as fundamental to departmental capability. Information must be well-presented and laser-focused on the needs of decision-makers, helping to identify strategic opportunities. To ensure this, each department should appoint a named individual in its executive team with responsibility for performance information. The Cabinet Office should establish a dedicated Performance Taskforce to set standards and monitor use.

Embed evaluation in spending

Embedding evaluation across government, to know what works and facilitate continuous improvement, is an overlooked aspect of efficiency. Yet it is fundamental to maximising the impact of public services and de-prioritising programmes that are wasteful or ineffective.

Despite this, evaluation continues to be peripheral to how Whitehall operates. The majority of major projects in government have no evaluation arrangements at all and analysis by No.10 has previously found that government has little understanding of whether “billions of pounds of spending are making a difference”. At any time, but especially in the context of tight fiscal constraints, this is unacceptable.

Even when evaluation occurs it rarely has an impact on spending decisions. In future, having a robust plan for evaluation should be central to departments’ spending bids – as is true in Canada – and every opportunity should be taken to understand whether existing spending is having its intended impact.

Programme for Government

There should be much greater transparency in publishing evaluations, to create the right incentives for departments to take evaluation seriously. The Evaluation Taskforce should set guidance making clear that evaluations should be made public wherever possible.

See our research for more detailed policy thinking in this area:

- [An efficiency mindset: prioritising efficiency in Whitehall's everyday work](#)

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