Destroying one Public Service Bargain Without Making Another: A Comment on Lowe and Pemberton, *The Official History of the British Civil Service, Volume II: 1982–1997*

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Abstract
This article responds to Lowe and Pemberton’s second volume on the history of the civil service and analyses fundamental shifts in British governance at the centre that occurred during the 1980s and 1990s. The traditional ‘public service bargain’ (PSB) that underpinned the relationship between ministers and officials has been repeatedly undermined. The article examines how far prior civil service reforms relate to the changes of the contemporary era instigated by Conservative-led governments since 2010. As Lowe and Pemberton’s work illustrates, the impulse to reform the state and the managerial reforms it unleashed were long in the making. Their legacy can be traced to the emergence of Thatcherism after 1979. The core argument of the article is that the more recent efforts of the Johnson administration to transform the state and undermine the PBS were scarcely original. Rather, they consolidated and drew upon earlier initiatives.

Keywords: governance, new public management, public sector, bureaucracy, civil service reform

Introduction
RODNEY LOWE AND Hugh Pemberton’s masterful historical survey of the civil service highlights the force of path dependency in British governance.¹ Current efforts to transform the permanent bureaucracy build upon forty years of structural reform. The recent attempt by the Prime Minister’s chief strategist, Dominic Cummings, to reshape Whitehall did not result from novel dynamics unleashed by the 2016 Brexit referendum, and the emergence of the ‘populist’ Conservatism associated with Boris Johnson’s premiership. As Lowe and Pemberton’s work illustrates, the impulse to reform the state and the managerial reforms it unleashed were long in the making. Their legacy can be traced to the emergence of Thatcherism after 1979.

This article is a response to Lowe and Pemberton’s second volume on the history of the civil service and begins by outlining fundamental shifts instigated during the 1980s and 1990s drawing on Lowe and Pemberton’s account. The focus then turns to how the ‘public service bargain’ (PSB), a concept originated by Bernard Schaffer in 1973 to elucidate the ‘governing marriage’ between ministers and officials, was jeopardised.² The final section of the article considers similarities with the reforms of the contemporary era. The argument is that the endeavours of the Johnson administration to transform the British state and undermine the PSB were scarcely original: they consolidated and drew upon earlier reforms.

Lowe and Pemberton attest that the two decades after 1979 were perceived as an age of ‘crisis’ for the civil service. Reforms attacked the privileges of mandarins, encouraging the ‘hollowing out’ of the state. The apprehensive mood scarcely abated in subsequent decades. The bureaucracy was assailed by structural changes that left it marginalised and demoralised. In particular, officials lost their prestigious role as trusted ministerial advisers. The monopoly over policy making once jealously guarded by civil servants was declining.
Cummings’s project to reinvent Whitehall was only achievable because the task of ‘deprivileging’ the civil service had been accomplished in the intervening decades, a process of permanent revolution in government. Lowe and Pemberton highlight seven consequential changes across the Whitehall landscape.

The changing landscape of Whitehall

The first alteration was the re-emergence of the patronage state and the rise of politicisation. A notable development was the growth of special advisers, particularly at the centre in 10 Downing Street. They expanded from around forty in the Thatcher years to approximately ninety by the 2000s. Special advisers were inevitably a diverse group: some were media-orientated ‘spin doctors’. Others were genuine policy experts. Their ambiguous status led to controversy. As Lowe and Pemberton explain, the Chancellor of the Exchequer, Nigel Lawson’s resignation in 1989 was regarded as the beginning of Margaret Thatcher’s downfall. Lawson quit since he resented the influence of the Prime Minister’s special adviser, Alan Walters, over the conduct of economic policy. Walters was a vehement opponent of the main plank of Lawson’s anti-inflationary strategy: membership of the Exchange Rate Mechanism (ERM). Walters used his position as prime ministerial aide to undermine the Chancellor. In the meantime, the Number Ten courtiers, Bernard Ingham and Charles Powell, had an ambiguous position that strained the conventions of the Northcote-Trevelyan settlement which emphasised neutrality and impartiality. Although both were officially career civil servants, they remained extremely close politically to Mrs Thatcher.

There was no deliberate attempt to make British government more partisan after 1979, replicating the virtues of the American ‘spoils system’ whereby officials are appointed by each incoming administration. The aim was to ensure civil servants were responsive to ministers by personalising appointments. There was less emphasis on political impartiality and recruitment on merit. Ministers were inclined to select officials perceived as sympathetic to their ideological world-view and policy aspirations. It was Thatcher who asked rhetorically of a senior official: ‘Is he one of us?’ In a world where ministers were held to account for departmental performance, favoured civil servants were invariably those displaying ‘can-do’ management skills and the ability to execute policy competently.

The second shift Lowe and Pemberton highlight was the imposition of reforms associated with the new public management (NPM). NPM was scarcely a coherent doctrine. It combined an emphasis on private sector management expertise with theoretical propositions drawn from public choice economics. Bureaucrats were held to be fundamentally self-interested agents, drawing on ideas advanced by the American economist, William Niskanen, in the 1970s. The aim was to replace the hierarchical public administration of the post-war era with accountable public management where managers were ‘free to manage’ flexible and non-bureaucratic organisations. NPM was accompanied by cuts in government budgets, reflecting the emphasis of Treasury-imposed efficiency. UK civil service numbers fell sharply from 735,000 to 430,000 by the 1990s.

The political impetus for NPM across western countries was powerful. In Britain, the backdrop was perceived economic decline, a belief that the state was inefficient and must be radically overhauled. The civil service was implicated in the overloaded state and the apparent ‘ungovernability’ of Britain. As befitted the ideas of Niskanen, politicians of right and left became acutely suspicious of bureaucrats. It was believed the government machinery was inclined to crush radical ideas that would shake Britain out of its postwar lethargy. The New Right devised a strident analysis of state failure which influenced the Thatcher administration, even if reform ideas were not always translated into practice.

As Lowe and Pemberton’s account makes clear, the patchy implementation of NPM reflected the doctrine’s inherent flaws. There was a fundamental difference between the public sector and the private sector which NPM advocates refused to acknowledge. Public goods cannot be allocated according to the profit motive. Politics inevitably intrudes on the process of public management. Moreover, the relentless focus on financial efficiency undermined quality and effectiveness. Professor Christopher Hood and his co-author Ruth
Dixon calculate that NPM in the 1980s and 1990s ‘cost a bit more and worked a bit worse’. 3 The aim was to ‘empower’ the public service consumer. Yet NPM enforced the ‘fetish for process’, heralding the relentless rise of the audit culture. 4 NPM was oblivious to the complexity of governance in advanced economies.

The third shift was transforming the culture of the civil service from provider of policy advice to driving ‘hands-on’ delivery. In the era of ministerial supremacy, politicians came to office with pre-developed ideas, often originating in the party’s manifesto. The role of the civil service, as ministers saw it, was translating ideas into workable programmes. The civil service succeeded in insulating an ‘elite cadre’ of officials (encompassing civil service grades 1–5) from managerial reforms, maintaining their policy advice role despite the threat posed by special advisers. Yet, it was important for officials to be ‘responsive’ to Ministers for career advancement, a break with the emphasis in Northcote-Trevelyan on neutrality and merit-based promotion. Ministers sought operational competence rather than candid policy advice. As a consequence, the civil service became increasingly ‘supine’. The notion of a ‘departmental view’ of policy declined.

The fourth alteration was Whitehall’s fragmentation and ‘Balkanisation’. As Lowe and Pemberton observe, the emphasis of the Thatcher reform programme progressed from financial efficiency after 1979 to institutional changes by 1987, most notably the creation of arms-length Next Steps agencies. The rationale of Next Steps was that the central civil service was too large, and ought to be broken up into manageable units. Senior managers would operate according to private sector disciplines, being paid commensurate salaries. Moreover, the policy advice function in departments was separated from implementation through agencies. Indeed, responsibility for operational management now rested with agency staff. Not surprisingly, permanent secretaries began to worry about the implications of a fragmented civil service. They were losing control over administrative tasks. Departments were in danger of no longer understanding frontline delivery. Moreover, ‘arms-length’ agencies created confused accountabilities.

As a consequence, the fifth major shift concerned ambiguity about the nature of parliamentary accountability. Lowe and Pemberton note that there was a failure to reconcile Next Steps and the conception of operational responsibility it implied with the parliamentary accountability convention. The Prison Service attracted attention because of the high profile sacking in 1995 of its Director-General, Derek Lewis, following the escape of a prisoner from custody. In these circumstances, there was uncertainty in Whitehall about whether Prison Service staff ought to be held accountable before parliamentary select committees. Inevitably, the House of Commons wanted ministers to be accountable to Parliament rather than agency chief executives.

The penultimate shift chronicled in Lowe and Pemberton’s account related to the centre of government. There was frustration at the centre’s weakness in delivering the Prime Minister’s priorities. There was a growing desire to assert the power of the centre, reflecting the alleged ‘presidentialisation’ of British politics (though, in fact, the term presidentialisation was misleading, since American presidents faced significant constraints in exercising their powers). Moreover, it was acknowledged that managerial reforms entailed a strong centre, providing strategy and oversight. In the British context, it was believed the centre lacked resources. After 1979, the Number Ten Policy Unit expanded and the role of the Cabinet Office was redefined. The Blair government was determined to create a strong centre, but faced stiff resistance from officials who feared the diminution of Cabinet government. Moreover, despite the expansion of the Cabinet Office after the First World War, it lacked the strategic vision to coordinate departments effectively. Even with innovations such as Number Ten units, the centre remained small and was felt to be underpowered.

The final shift charted by Lowe and Pemberton was principally ideological: attacking the primacy of the public sector while diminishing government as a force capable of advancing the public good. The legacy of high spending and deficits in the 1970s left a powerful imprint. Yet, electorates were reluctant to support radical cutbacks in the size of the state, particularly where popular welfare programmes and the National Health Service were threatened. As a consequence, politicians...
were compelled to pursue reforms that sought to achieve ‘more for less’, reinforcing the importance of managerialism. Margaret Thatcher’s election was decisive given her commitment to radical administrative change. Breaking the 1981 civil service strike and abolishing the Civil Service Department underlined her government’s determination to overhaul the machinery of the British state. Shaking up the Whitehall bureaucracy was not a convenient add-on. It was integral to the Thatcherite project of the ‘free economy and the strong state’. Contracting the redistributive and welfare function of the state, slimming down the bureaucracy, became the focal point of reform.

The hard rain of state reform

The agenda of reforming the state recently pursued by the Prime Minister’s strategist, Dominic Cummings, built on structural reforms that predominated over the previous forty years. Cummings’s plan involved reinstating past reforms while applying new labels. Many of the perceived failings identified to justify the Johnson administration’s plans were eerily familiar. The UK state machine was said to be slow moving and cumbersome, afflicted by ‘bureaucratic cancer’. Cummings sought to employ ‘wildcard advisers’, data scientists, engineers and physicists, who epitomised the spirit of techno-optimism. The permanent civil service was ‘one for the history books’. Whitehall should be run in a hyper-active style akin to a Silicon Valley start-up where ‘only the paranoid survive’. Cummings’s vision reflected the belief within the governing class that post-Brexit Britain must be remade as a high-tech ‘Singapore on Thames’, a deregulated, globalised competition state liberated from Europe’s shackles. Yet, there were signs that despite innovation in the permanent bureaucracy at the behest of Cummings, the reforms were unlikely to prove fertile or productive. His resignation in December 2020 called into question their future viability.

Certainly, politicisation and patronage showed no signs of abating. The process of placing permanent secretaries on time-limited contracts was accelerated. In the first nine months of 2020, for example, six permanent secretaries either left their posts or were removed—an extraordinary rate of churn. Politically appointed advisers continued to grow. The Institute for Government reported in 2020 that there were now 116 special advisers employed in Whitehall—a record number, of whom fifty-one were located in Number Ten. Special advisers adept at handling a hostile media remained a valuable commodity. Even so, government was contaminated by the rise of the spin machine and the permanent campaign mindset, giving primacy to electoral strategy over governing. The presence of Cummings and his team bolstered the argument of those who believed special advisers had a malign effect, reducing civil servants to being ‘passive functionaries’ while politicising public administration. Cummings’s goal was to ‘drain the swamp’, moving towards a ‘them and us’ model where civil servants no longer provide advice, but do what ministers tell them. He believed civil servants should be implementors who abandoned the constitutional function of ‘speaking truth to power’.

Meanwhile, further managerial reforms were imposed in the spirit of NPM. Johnson’s government was reluctant to break with public choice doctrines, emphasising competition and contestability. There was a recurrent belief that public servants were motivated by self-interest rather than altruism, and should be subject to a regime of performance management, regulation and inspection. The size of the civil service decreased to around 380,000 by 2018, although there had been a slight uptick after Brexit. There were fewer than 20,000 officials providing policy advice, accompanied by growing fears that the service was being hollowed out. Whitehall struggled to procure basic services from private providers, underlined by its growing dependence on management consultants.

The civil service role in formulating policy advice was further diminished. Indeed, the once cherished monopoly over policy making was being decisively broken. There was no let-up in overhauling the policy advisory system. Think tanks and management consultants played a much greater role. In this climate, ministers were more likely to see themselves as originators of policy. The capacity of officials to say ‘No, Minister’, once a vital ingredient in the relationship between civil
servants and politicians, declined further. For civil servants to dissent from their minister’s views was an act of career suicide.

Moreover, the civil service was fragmented by outsourced delivery chains, exacerbated by devolution and the agency structure founded by Next Steps. The handling of the Covid-19 pandemic merely reinforced pre-existing trends. The government’s ‘world-beating’ test and trace system, for example, was established using private sector companies, notably Serco, to operate call centres. The Cummings agenda perpetuated ideological mistrust of the public sector, reinforcing the marginalisation of local authority public health teams. The reliance on alternative service delivery structures undermined traditional public administration. Moreover, confusion about the doctrine of parliamentary accountability not surprisingly continued. The concern about the centre’s capacity to enforce the Prime Minister’s will was reflected in the efforts of Cummings’s team to augment its resources by colonising the Cabinet Office, building a ‘NASA-style’ command and control centre while recruiting the next generation of ‘misfits and weirdos’.

Among the strengths of Lowe and Pemberton’s study is that they go beyond merely observing institutional alterations. The reforms are located within broader constitutional and political developments, alongside the ideas underpinning them. The authors are sceptical of the ‘hollowing out of the state’. The claim appears implausible given that UK government spending as a share of national income barely fell below 40 per cent throughout the Thatcher era. What was more significant was the ‘identity crisis’ that afflicted the civil service, prompted by the failure to clarify its constitutional role against the backdrop of growing concerns about the ‘elective dictatorship’, particularly under Thatcher and Blair.7 Lowe and Pemberton deduce that the civil service was reluctant to engage in public debate about its future. The preferred strategy was the time-honoured approach of ‘muddling through’, striving to protect their relative privilege and status in an era of unprecedented turbulence.

Lowe and Pemberton’s narrative ends with the Conservative government’s defeat in 1997. In the intervening period, the long-term consequences of these trends have become more apparent. The detrimental impact of the politicisation of the government machinery on the quality of statecraft is palpable. British government is more exposed to blunders and fiascos.8 Delivery failures have ranged from the politically catastrophic poll tax to the negotiation of botched public procurement contracts that cost the taxpayer billions. Writing in the Financial Times in April 2012, the political scientist, Anthony King, observed that policy making increasingly resembled ‘a nineteenth century cavalry charge’ with insufficient deliberation. After Brexit, these failures may become even more palpable.

As well as politicising Whitehall, the permanent campaign mindset reinforces endemic short-termism. It is easier to throw difficult issues from the funding of social care to prison overcrowding into the ‘too difficult’ box. Governments invariably focus on the next day’s headlines, failing to consider how public policy should address salient issues, from improving the long-term rate of growth in an era of technological disruption, to strengthening life satisfaction and well-being across the population. Moreover, as a result of perceived incompetence, trust in public institutions has been fast eroding. The system of government passed through a critical juncture. The fundamental debate that Lowe and Pemberton argue was deliberately avoided by the civil service is still necessary. It relates to the future viability of Britain’s governing institutions. There are fundamental issues still to be resolved: what are the respective roles of ministers and officials? How can civil servants be protected from unwarranted political interference? What role should ministers play in appointing officials? How can political advisers be effectively scrutinised? Should the appointment of special advisers be independently regulated?

After forty years of reform, the system of government in which ministers and officials worked to fashion effective policies has morphed into a ‘them and us’ model where politicians and civil servants are at odds, believed to have conflicting interests. The traditional PSB is imperilled. In an atmosphere of greater turbulence, Whitehall’s capacity to steer a rational course through the perilous post-Brexit landscape has never appeared more in question.
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Notes

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2 B. Schaffer, The Administrative Factor: Papers in Organization, Politics and Development, London, Routledge, 1973.

3 Quoted in Lowe and Pemberton, Volume II, p. 363.

4 Ibid., p. 4.

5 A. Gamble, The Free Economy and the Strong State, London, Macmillan, 1988.

6 Institute for Government, Annual Report on Special Advisers 2020, London, IfG, 2020.

7 Lowe and Pemberton, Volume II, p. 319.

8 A. King and I. Crewe, The Blunders of our Governments, London, Oneworld Publications, 2013.