

**STEERING THE BRITISH STATE – EMERGING
PATTERNS OF GOVERNANCE AND THE PUBLIC
SERVICE AGREEMENT FRAMEWORK**

FELICITY MARY MATTHEWS

A Thesis Submitted for the Degree of Doctor of Philosophy

Department of Politics
Faculty of Social Sciences
University of Sheffield

April 2008

**PAGE NUMBERS ARE CUT
OFF IN THE ORIGINAL**

Steering the British State – Emerging Patterns of Governance and the Public Service Agreement Framework

Abstract

This PhD is about state capacity in the context of evolving governance structures: the capacity of the state to deliver. Focusing upon the governance debate and its many cleavages, the thesis explores the extent to which the British state has been affected by many of the challenges to its capacity that underpin theories of governance, such as hollowing-out and fragmentation. Within this, it will determine whether the Labour government (1997-2007) has actively recognised and responded to these perceived challenges in order to preserve its central steering capacity. Conducting the first major analysis to date of the Public Service Agreement framework, the thesis concludes that the policy landscape is increasingly characterised by complexity and inter-connectedness, as multiple stakeholders across a range of geo-political jurisdictions are engaged in the policy process at all junctures. Nonetheless, despite the picture of a hollow state painted in many accounts of governance, the government has retained an inherent resource advantage, which has enabled it to redefine its role and preserve its centrality. Accordingly, the government has sought to adopt the role of ‘primary organiser’ within the policy landscape, defining the parameters of stakeholder engagement, which it then polices in accordance with its ultimate political responsibility for service delivery.

Acknowledgements

Throughout the four-year period within which this PhD has been undertaken, a great many people have offered assistance, support, advice and friendship, all of which has been invaluable. Firstly, I would like to thank my two supervisors at the University of Sheffield, Matthew Flinders and Martin Smith, whose experiences and insights have helped to shape my thesis, as well as my broader professional experience. I owe a great deal to both, in particular to Matthew, who has afforded me with some exceptional opportunities to further my academic career at every juncture, and has continually offered encouragement and support, which has been enormously appreciated. I also want to thank the wider academic community within the Department, both staff and fellow research students, for providing such a collegial working environment. I would also like to say a very special ‘thank you’ to Sarah Cooke, who has been invaluable in organising so many aspects of my PhD studies, and has also become a dear friend. Even though I no longer live there, Sarah will always be my ‘Sheffield Mum.’

Crucial to my research has been the wealth of interviews conducted with numerous politicians and officials within Whitehall and on the ground. Chatham House Rules prohibit me from thanking you personally, but to those who were involved, thank you so much for sharing your insights with me.

Finally, several people dear to me deserve a special mention for the day-to-day love and support that they have given me. To Mum, Dad and Andrew – thank you all for listening to my worries, ignoring my stresses and plying me with food (and drink) when necessary; I love you all. To my special little friends, Mr Victor and Sol, may you always be fluffily wonderful. But, most of all I would like to thank my partner, John Barker, for being there and holding my hand every step of the way. I could not have done any of this without him and for that I will be forever grateful.

Steering the British State – Emerging Patterns of Governance and the Public Service Agreement Framework

<i>Abstract</i>	i
<i>Acknowledgements</i>	ii
<i>List of Abbreviations</i>	vi
<i>List of Figures</i>	ix
<i>List of Tables</i>	x
1. Introduction: Defining the Research Agenda and the Structure of the Thesis	1
PART I – THEORY AND BACKGROUND	
2. The Evolving Context of the Exercise of Power in the British State, and the Challenge of Governance	7
2.1 – The Historical Context of British Government	9
2.1.1 – The Westminster model as a normative conception of power	9
2.1.2 – Improving the machinery of government	11
2.2 – The Emergence of Challenges to the British State	16
2.2.1 – International and domestic challenges	16
2.2.2 – The impact of the domestic political response	18
2.3 – The Perception of a Theoretical Lacuna and the Response of ‘Governance’	21
2.3.1 – The emergence of a theoretical lacuna	21
2.3.2 – Theoretical divergences	24
2.4 – Criticisms of Governance as a Theory	28
2.4.1 – Temporal specificity	28
2.4.2 – Current relevancy and applicability	31
2.5 – Conclusion: Governance, Government and Assuring State Capacity	35
3. New Labour (1997-2007) and the Centre of Government	37
3.1. – New Labour’s Return to Power	38
3.2 – 1997-2001: Joining-Up Government	46
3.2.1 – The underlying political imperatives	46
3.2.2 – Implementing JUG	48
3.3 – 2001 Onwards: Ensuring Effective Delivery	58
3.3.1 – The influence of Third Way ideas	58
3.3.2 – Ensuring the effective delivery of public services	60
3.4. – Evaluating Labour’s Reform Agenda, 1997-2007: Filling-in the Hollowing-Out?	66
3.5 – Conclusion: The Challenge of Defining Government Capacity	72

PART II – THE PSA FRAMEWORK

4. The Comprehensive Spending Review and Public Service Agreements	73
4.1 – Background and Principles	74
4.1.1 – The introduction of the CSR	74
4.1.2 – Underpinning principles of the CSR and PSA framework	77
4.2 – Relationships at the Heart of Government	82
4.2.1 – The steering role of the core executive	82
4.2.2 – The effectiveness of the centre’s steering capability	84
4.3 – Relationships Between the Centre and the Spending Departments	89
4.3.1 – Steering the spending departments	89
4.3.2 – Sanctions and incentives	93
4.4 – PSAs and the JUG Agenda	97
4.4.1 – Implementing JUG across a functionally divided departmental structure	97
4.4.2 – The impact of planning and monitoring arrangements	102
4.5 – The Local Delivery of PSA Targets	104
4.5.1 – The balance between centralisation and autonomy	104
4.5.2 – Bureaucratic overload for service providers	109
4.6 – The Suitability of a Target-Based Regime as a Driver of Reform	112
4.6.1 – The risk of perverse behaviours and the focus upon the measurable	112
4.6.2 – The coherency of monitoring and reporting arrangements	116
4.7 – Conclusion: Strengths, Weaknesses and the Scope for Further Analysis	120
5. Case Study One: Defra and Recycling	123
5.1 – The Focus on Recycling as an Alternative to Landfill	124
5.1.1 – The introduction of recycling targets	124
5.1.2 – The structure of the PSA target	126
5.2 – The European Dimension of Domestic Waste Policy	128
5.2.1 – The overarching context of EU waste policy	128
5.2.2 – EU directives and their impact upon the recycling PSA	132
5.2.3 – The domestic response to EU obligations	135
5.2.4 – The suitability of EU policy as a driver	138
5.3 – The Strategic and Operational Role of Central Government	142
5.3.1 – The government’s overarching Waste Strategy	142
5.3.2 – The role of Defra as the lead department and its delivery agency	147
5.3.3 – The impact of other departments	152
5.3.4 – Cross-Whitehall co-ordination of a departmental objective	157
5.4 – Delivery on the Ground	160
5.4.1 – The role of LAs in delivering sustainable waste services	160
5.4.2 – Supporting the local delivery of national priorities	162
5.4.3 – The success of national interventions to ensure local delivery	166
5.4.4 – The appropriateness and risks of targets	172
5.5 – Conclusion: Recycling as a Multi-Level Policy Area	174
6. Case Study Two: Defra, BERR, the DfT and Climate Change	178
6.1 – The Emergence of Climate Change as an Issue of Political Salience	180
6.1.1 – The introduction of international and domestic climate change mitigation targets	180

6.1.2 – The structure of the climate change PSA target	183
6.2 – The Role of the Government in Providing Effective Strategic Leadership	186
6.2.1 – The international context	186
6.2.2 – The role of the centre in determining the strategic framework	191
6.3 – Cross-Whitehall Delivery of a Jointly Held Target	198
6.3.1 – The leadership responsibilities of Defra	198
6.3.2 – The commitment of Defra’s partners to the target’s shared goals	203
6.4 – Organising for Delivery across Whitehall	214
6.4.1 – The impact of departments beyond the PSA target	214
6.4.2 – Driving climate change across Whitehall	216
6.5 – Translating Policy into Effective Outcomes Across the Delivery Matrix	224
6.5.1 – A multi-modal, multi-agency approach	224
6.5.2 – Barriers to delivery	231
6.6 – Conclusion: The Emergence of Climate Change as a True ‘Wicked Issue’	235

PART III – ANALYSIS AND CONCLUSIONS

7. Analysis of the PSA Framework as a Tool of Strategic Governance	239
7.1 – The Extent of Central Capacity and the Effectiveness of the PSA Regime as a Tool of ‘Filling-In’	241
7.1.1 – The coherency of the core executive and the empowerment of the Treasury	241
7.1.2 – The extent to which the core executive is constrained in determining its strategic objectives	245
7.2 – Joining-Up the Functionally Divided Whitehall System	248
7.2.1 – Inter-departmental co-ordination, the prevalence of wicked issues and the problem of leverage	248
7.2.2 – The core executive’s role in enforcing collaboration and the effectiveness of alternative institutional structures	252
7.3. – Steering the Delivery of Policy Goals through the PSA Framework	255
7.3.1 – From delivery chain to ‘delivery matrix’	255
7.3.2 – The ability of the PSA regime to steer complex delivery networks	261
7.4 – The Success of the PSA Framework as a Tool of Strategic Governance	265
7.5 – Conclusion: Steering the Policy Matrix through the PSA Framework	268
8. Conclusion: The PSA Framework as a Response to the Challenge of Governance, and as a Continuing Research Agenda	270
8.1 – Steering the British State through the PSA Framework	270
8.2 – Current Academic Discourse and Future Research Agendas	275
<i>Appendix 1 – Methodology</i>	283
<i>Bibliography</i>	296

List of Abbreviations

BERR	Department for Business, Enterprise and Regulatory Reform
BPEO	Best Practicable Environmental Option
BREW	Business Resource Efficiency and Waste
BVPI	Best Value Performance Indicator
CCP	Climate Change Programme
CHP	Combined Heat and Power
CLG	Department for Communities and Local Government
CMPS	Centre for Management and Policy Studies
CO ₂	Carbon dioxide
COP	Conference of the Parties
CPRS	Central Policy Review Staff
CSR	Comprehensive Spending Review
DCMS	Department for Culture, Media and Sport
Defra	Department for Environment, Food and Rural Affairs
DETR	Department of the Environment, Transport and the Regions
DfES	Department for Education and Skills
DfID	Department for International Development
DfT	Department for Transport
DH	Department of Health
DIS	Departmental Investment Strategy
DTI	Department of Trade and Industry
ED (EE) Committee	Ministerial Sub-Committee on Energy and the Environment
EE Committee	Ministerial Committee on Energy and the Environment
EEC	European Economic Community
EFRA Committee	Environment, Food and Rural Affairs Committee
EPCS	Environment, Protective and Cultural Services
EST	Energy Saving Trust

ETN	Efficiency Technical Note
EU	European Union
EU ETS	EU Emissions Trading Scheme
FCO	Foreign and Commonwealth Office
FMI	Financial Management Initiative
GDP	Gross Domestic Product
GHG	Greenhouse Gas
GO	Government Office in the Regions
INC	Inter-governmental Negotiating Committee
IPCC	Inter-governmental Panel on Climate Change
ISB	Invest to Save Budget
JASP	Joint Approach to Social Policy
JUG	Joined-up government
LA	Local Authority
LAA	Local Area Agreement
LASU	Local Authority Support Unit
LATS	Landfill Allowance Trading Scheme
MAFF	Ministry for Agriculture Fisheries and Food
MWMS	Municipal Waste Management Survey
NAO	National Audit Office
NPM	New Public Management
NWMRF	National Waste Minimisation and Recycling Fund
OCC	Office of Climate Change
ODPM	Office of the Deputy Prime Minister
OPSR	Office of Public Service Reform
PAR	Programme Analysis and Review
PASC	Public Administration Select Committee
PESC	Public Expenditure Survey Committee
PFI	Private Finance Initiative
PIU	Performance and Innovation Unit

PMDU	Prime Minister's Delivery Unit
PMFSU	Prime Minister's Forward Strategy Unit
PPP	Public-Private Partnership
PSA	Public Service Agreement
PSNI	Public sector net investment
PSX Committee	Ministerial Committee on Public Services and Public Expenditure
RO	Renewables Obligation
RSU	Rough Sleepers Unit
RTFO	Renewable Transport Fuel Obligation
SDA	Service Delivery Agreement
SEU	Social Exclusion Unit
SR	Spending Review
TN	Technical Note
UK ETS	UK Emissions Trading Scheme
UK-ADCU	UK Anti-Drugs Co-ordination Unit
UN	United Nations
WEEE	Waste Electrical and Electronic Equipment
WIP	Waste Implementation Programme
WPEG	Waste Performance and Efficiency Grant
WRAP	Waste and Resources Action Programme

List of Figures

Figure 1.1	Map of the thesis	4
Figure 4.1	The Structure of a PSA	77
Figure 5.1	Key institutions, agents and partners in delivering improved recycling of domestic waste	130
Figure 5.2	The waste hierarchy as understood in European policy-making	131
Figure 5.3	EU legislation that informs the domestic PSA recycling target	133
Figure 5.4	Partial organogram of Defra, February 2007	149
Figure 5.5	Partial organogram of Defra, June 2007	150
Figure 6.1	Key institutions, agents and partners in reducing GHG and CO2 emissions	188
Figure 6.2	Partial organogram of Defra, February 2007	200
Figure 6.3	Partial organogram of Defra, June 2007	201
Figure 6.4	Partial organogram of DfT, June 2007	205
Figure 6.5	Partial organogram of BERR, July 2007	210
Figure 6.6	Governance structure in place to deal with climate change policy	218

List of Tables

Table 3.1	Institutional innovations at the centre of government, 1997-2007	41
Table 4.1	The emphasis upon policy outcomes to fulfil the government's strategic objectives	79
Table 4.2	Examples of joint working in the 1998 CSR	80
Table 4.3	Number of PSA targets set	91
Table 4.4	Growth in joint PSA targets	97
Table 4.5	Joint targets contributing to different departmental aims: child obesity	102
Table 4.6	Illustration of the number of performance indicators flowing from outcome-focused targets	115
Table 4.7	Reporting standards used to assess 2005-08 targets	117
Table 5.1	Household waste recycling rates in England, 1998-99 to 2006-07	128
Table 5.2	Targets established to fulfil the UK's obligations under the EU Landfill Directive	137
Table 5.3	Waste management in England and Wales 1998-99	143
Table 5.4	BVPIs relating to sustainable waste management	155
Table 5.5	Performance standards for waste authorities	161
Table 5.6	Examples of funding to support improved waste management and recycling	164
Table 5.7	Examples of local performances against individual statutory household recycling targets	167
Table 6.1	The various departmental aims and objectives behind climate change PSA	185
Table 6.2	GHG emissions by source (metric tonnes of carbon)	204
Table 6.3	CO2 emissions by source (metric tonnes of carbon)	204
Table 7.1	The coverage of 'climate change' in the British media – number of stories run per year, 1992-2007	260
Table 7.2	The coverage of 'recycling' in the British media – number of stories run per year, 1992-2007	260

Chapter 1 – Introduction: Defining the Research Agenda and the Structure of the Thesis

This PhD is about state capacity in the context of evolving governance structures: the capacity of the state to deliver. Focusing upon the governance debate and its many cleavages, the thesis explores the extent to which the British state has been affected by many of the challenges to its capacity that underpin theories of governance, such as hollowing-out and fragmentation. Specifically focusing upon the period between 1997-2007, it will determine whether the Labour government has actively recognised and responded to such challenges, and the extent to which they have impinged upon or diminished the central steering capacity of the government. The thesis concludes that the policy landscape is increasingly characterised by complexity and inter-connectedness, as multiple stakeholders across a range of geo-political jurisdictions are engaged in the policy process at all junctures. Furthermore, this complexity is exacerbated as the state expands into a range of important, new policy areas, driven by a range of factors such as public demand and the international political agenda, wherein the levers to change increasingly fall outside the traditional auspices of central government. Nonetheless, despite the picture of a hollow state painted in many accounts of governance, in many respects, the government retains an inherent resource advantage, which it is able to maximise to redefine its role and preserve its centrality in the policy process. Accordingly, the government has sought to adopt the role of ‘primary organiser’ within the policy landscape, defining the parameters of stakeholder engagement, which it then polices in accordance with its ultimate political responsibility for service delivery. The ways in which the government has sought to assure its strategic capacity, and the effectiveness of such mechanisms adopted, are the core subjects of analysis within this thesis.

As this thesis will demonstrate, the Labour government’s response to the perceived challenges to its steering capacity between 1997-2007 has been multi-faceted and diffuse; indeed its overall reform agenda defies containment within a single piece of research. Thus, in order to ensure a greater depth of analysis, this thesis explores the issue of central

state capacity through the vehicle of a single case study approach, focusing on the Public Service Agreements (PSA) framework. Introduced in 1998, the PSA framework was intended as the main driver of public policy across Whitehall, based upon the principles of centralised steering and accountability; cross-Whitehall collaboration; and freedom for service providers to determine the detail of delivery. In many respects, the PSA framework has been the key aspect of the Labour government's overall reform agenda, reflecting its core concerns to fill-in its strategic capacity, promote effective joint working across Whitehall and improve service delivery on the ground. However, unlike other, relatively less significant, aspects of the government's reform agenda, the PSA framework has received scant academic attention, despite its role as the main vehicle of public expenditure and policy-making since 1998 (for notable exceptions see James, 2004; Flinders and Matthews, 2007). The thesis therefore offers a significant contribution to an important area of political activity, which is so far under-researched and poorly understood, providing the first major in-depth analysis of the regime's role in the policy process. Through its application of many concepts associated with governance, such as fragmentation and hollowing-out, the thesis also provides a series of conclusions relevant to the British context, regarding the applicability of the underpinning assumptions of governance, and the extent to which they have permeated political practice across Whitehall. Indeed, the research findings of this thesis are also important in terms of comparative politics, policy learning and policy transfer, as the challenges faced by the British state are common to many advanced liberal democracies.

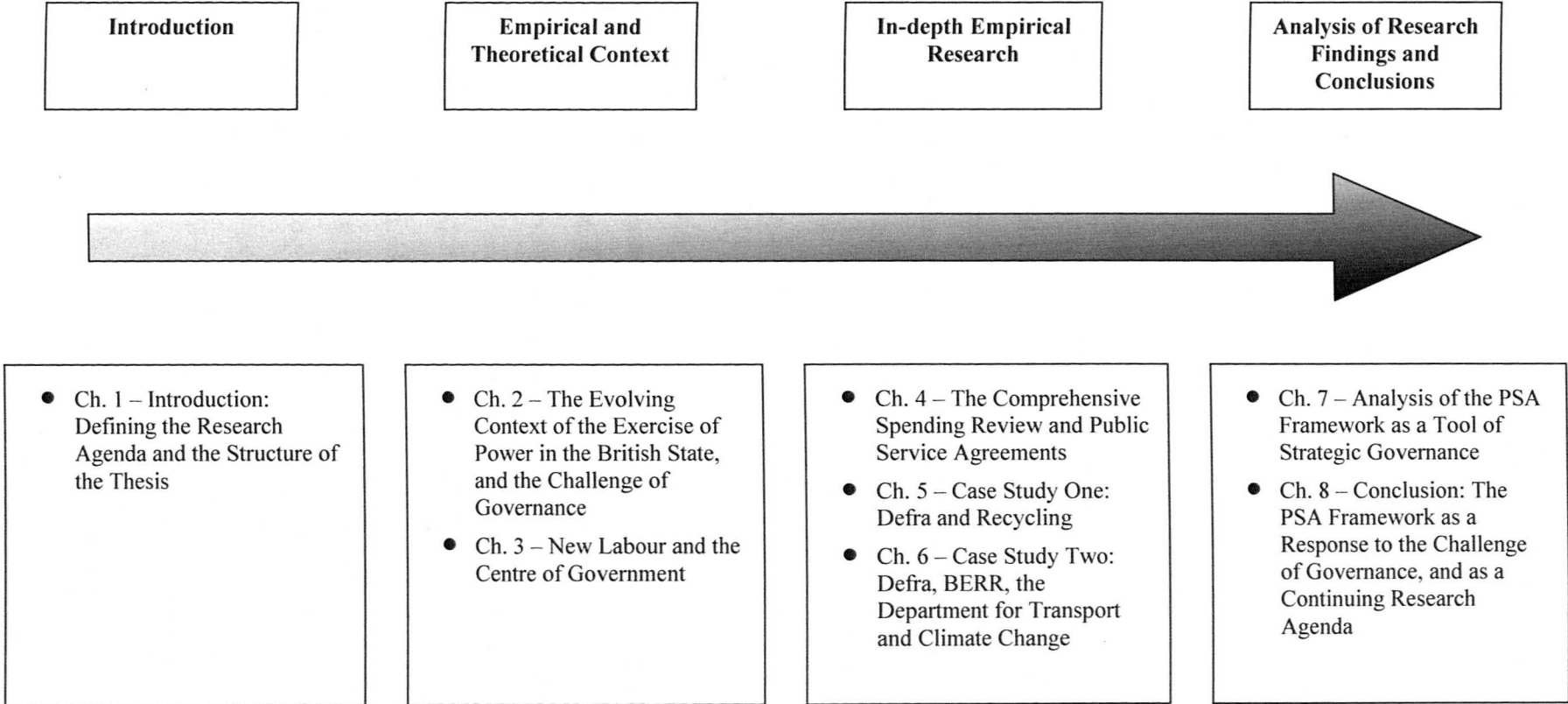
As suggested above, the scope of the PSA framework is impressive, and at any given point, it has supported between 110-600 targets across all central government departments. Clearly, attempting to analyse the success of each target would be problematic, and would be counter-productive to the aim of providing an in-depth understanding of the extent to which the PSA framework has reinforced the government's capacity to deliver. Accordingly, the broad overview of the regime is supported by a within-case comparative study, which focuses on two individual targets: a cross-Whitehall joint target and a standalone departmental target, which reflects the key operational divide within the PSA

framework. Through this case study methodology, this thesis seeks to apply macro theories of governance in relation to a particular example of practice within the British state. In turn it provides a series of conclusions with specific applicability to the case study chapters, which can be teased apart to identify the broader conceptual and empirical challenges pertinent to the capacity of the British state since 1997, whilst also having a degree of applicability across a range of liberal democracies. The overarching structure of the thesis is mapped out in figure 1.1, which details the fit between each chapter and the overall purpose of the thesis. To support this structured approach, a series of inter-connected research questions underpin it as follows

1. By what means has the Labour government sought to ensure its capacity between 1997-2007?
2. Has the PSA framework succeeded as a tool of central control over departments and their agencies?
3. To what extent is the government able to steer and co-ordinate the policy-making and implementation process?
4. Is the present extent of central capacity a recent phenomenon, or does it pre-date 1997?
5. To what extent does governance theory encapsulate and account for the contemporary topography of the British state?

As shown, the research questions also concur with the overall structure of the thesis, focusing on specific aspects of state capacity in accordance with the focus of the case study, which are then broadened out to enable the core issues of the thesis to be addressed. Again, the structured pattern of research questions will ensure that firm judgements can be made regarding the effectiveness of the PSA regime as a response to the challenges of governance, whilst enabling the conclusions to have relevance for the wider British context.

Figure 1.1 – Map of the thesis



In accordance with its broader structure, the chapters of the thesis will proceed as follows. Introducing the overarching empirical and theoretical context, Chapter 2 commences by examining the traditional interpretation of the British polity, and the challenges with which it has been faced highlighted. This is followed by an overview of the eclectic body of literature which has resultantly emerged that focuses on governance and the reduction of state capacity, whilst providing a critique of the literature that considers the main differences between various theories, as well the extent to which its apparent ubiquity has been accepted. Chapter 3 analyses the Labour government's reform agenda (1997-2007), focusing on the implementation of the dual aims of joining-up and enhanced service delivery through a programme simultaneously based upon strategic centralisation and operational autonomy. Specifically, it considers the effectiveness of the reforms as a response to the challenges faced by the state, with specific attention given to the pervading Whitehall culture and the overall coherency of the reform agenda. Moving onto the core case study of the thesis, Chapter 4 examines the success of the PSA regime since 1998 as a tool of strategic leadership and operational capacity, suggesting that that in theory, the PSA regime provides an important example of steering at a distance wherein departments and their agencies have great day-to-day autonomy, but the PSA targets provide the broadest aims, objectives and targets that must be achieved. The underpinning principles are then tested in the two core case study chapters. Focusing upon the target commitment to improve the recycling of household waste, Chapter 5 suggests that whilst the target has driven policy, policy-making and implementation is multi-layered and multi-level, and is more complex than belied by the target's scope. However, the relative coherency of strategic and operational aims between the target's partners has been a core factor in the successful realisation of the target's aim. However, the second case study in Chapter 6, which focuses upon the shared commitment to work towards climate change mitigation, suggests that complexity has bedevilled progress towards the target. Thus, the raft of state and non-state stakeholders crucial to the target's realisation has meant that many of the necessary levers to change fall out of the direct remit and influence of the UK government, undermining its ability to exercise tight control over its policy outcomes. Building upon the empirical observations of the case study chapter, Chapter 7 develops the key themes identified to provide an analytical 'bridge' between the theoretical backdrop of the governance literature

in Part I to the empirical observations of Part II, to determine the extent to which emerging theories of governance accurately capture and reflect the current capacity of the British central government. Finally, Chapter 8 draws together and summarises the key findings of the thesis, offering a full rejoinder to the research questions outlined above.

Several recurrent key themes emerge throughout the course of the thesis, including

- The presence of multiple governmental and non-governmental stakeholders from a range of geo-political jurisdictions across the delivery landscape.
- The inter-connectedness of multiple policy issues.
- The expansion of governmental activity into new policy areas.
- The inability of the government to unilaterally shape its policy agenda.
- The difficulty in determining appropriate organisational structures in response to such complexity and inter-connectedness.
- The shift from a delivery chain to a ‘delivery matrix.’
- The importance of strategic leadership driven from the centre.
- The prevailing culture of Whitehall and Westminster.
- The lack of fit between political rhetoric and political practice.

In sum, the thesis will demonstrate that the policy landscape has become characterised by inherent complexity, reflected in the influence of a broad range of state and non-state actors at all junctures, and the intrinsic inter-connectedness of the government’s overarching agenda, which demonstrates the assumptions that underpin numerous theories of governance. Nonetheless, despite the picture of a hollow state painted in many accounts of governance, it is clear that the resource advantages afforded to the government has enabled it to redefine its role and preserve its centrality in the policy process. However, many of the trials affecting its capacity are ongoing, and the challenge for government is thus to ensure the continued responsiveness of its strategic political leadership and institutional

apparatus in order to avoid the worst excesses of fragmentation, hollowing-out and, ultimately, governance failure.

Chapter 2 – The Evolving Context of the Exercise of Power in the British State, and the Challenge of Governance

Institutional innovations at the centre may have an inherently short life. The grit in the machine is worn smooth. Prime Ministers all need arrangements around them with which they personally feel comfortable. So perhaps it is a delusion to pursue a 'right' organisational answer. Instead, Whitehall is engaged in a permanent process of creative destruction (Willetts, 1987, p. 445).

We no longer have a mono-centric or unitary government; there is not one but many centres linking many levels of government... So the strong executive, the tradition of 'leaders know best' encapsulated in the 'Westminster model, founders on the complex, multi-form maze of institutions that make up the differentiated polity. Inter-dependence confounds centralisation. More control is exerted, but over less. Services continue to be delivered, but by networks of organisation which resist central direction. There are plenty of governments which Government cannot steer (Rhodes, 1997, pp. 3-4).

The concept of governance has gained increasing salience in contemporary scholarship, and a nascent body of theory has begun to emerge which focuses upon the challenges of steering and co-ordinating policy-making and policy implementation within an increasingly complex social system, and the ensuing role of the state within this process. Thus, central to the governance debate is the ability of national governments to assert their agendas upon increasingly fragmented polities (Flinders, 2002, p. 51). In the British context, the governance debate has focused upon two central developments: the challenge presented to traditional interpretations of the state, such as the Westminster model; and the response of the government to the perceived loss of central control and the success of tools adopted. The issues surrounding the governance debate and the reaction of central government to such perceived challenges will be discussed in detail throughout the chapter. Briefly summarised the chapter will proceed as follows. Firstly, the traditional interpretation of the British polity shall be examined, and the challenges with which it has been faced highlighted. This will be followed by an overview of the eclectic body of literature which has emerged as a result, focusing on governance and the reduction of state capacity. A critique of the literature will then be provided, and questions regarding the overall accuracy and utility of governance as an alternative account of state power shall be considered. In

following this trajectory, the chapter will provide partial answers to questions regarding the extent that governance theory encapsulates and accounts for the contemporary topography of the British state, as well as the contemporary specificity of many of the issues faced by governments in seeking to ensure their strategic and operational capabilities. Overall, the chapter will provide a solid foundation – a discursive bedrock– for the extensive empirical analysis of the Labour government’s attempts between 1997-2007 to ensure its capacity to govern that follows in Chapters 3-6, enabling a full rejoinder to be provided to these key questions based on the success in Chapter 7.

2.1 – The Historical Context of British Government

2.1.1 – The Westminster model as a normative conception of power

The traditional view of government is ‘predicated on an assumption of institutional isolation and homogeneity’, which reinforces state sovereignty and superiority (Pierre and Peters, 2000, p. 81). In the British context this is reflected in the paradigm of the Westminster model, which combines strong leadership with accountability, whilst placing limits on executive power (Richards and Smith, 2006, p. 326). The model has dominated analysis of the British state since the mid-nineteenth century, providing an organising perspective with strong normative underpinnings, informing the actions of those operating within it (Rhodes, 1997, p. 5). Central to the model is the enduring principle of parliamentary sovereignty, wherein Parliament is ‘an absolutely sovereign legislature’ (Dicey, 1915, p. 37). In accordance with its supreme authority, Parliament retains the right to pass whatever legislation it chooses; ‘it can rule as it likes and decide as it likes’ (Bagehot, 1894, p. 228). Furthermore, ‘no person or body is recognised by the law of England as having the right to override or set aside the legislation of Parliament’, which ensures that no Parliament is bound by the actions of its predecessors (Dicey, 1915, pp. 37-9; see also Greaves, 1958, p. 12). The ascendancy of the unitary state is the logical consequence of parliamentary sovereignty, the fundamental characteristic of which is strict indivisibility, casting Parliament as the sole locus of power within the unitary state, and

‘British government cannot share power with other tiers of government, sub-national or supra-national’ (Marquand, 1988, p. 9). This reinforces Westminster’s ability to legislate without challenge, as the unitary state ‘makes possible the supremacy of a single institution, Parliament,’ as opposed multiple jurisdictions, which would have ‘an equal moral claim to speak for the public’ (Greaves, 1958, pp. 20-1).

As the executive is drawn directly from Parliament, the Westminster model concentrates power in the hands of the executive. Within the model, decisions are taken by the Cabinet, headed by the Prime Minister as a *primus inter pares* actor, underpinned by the principle of collective accountability to Parliament. This leads to responsible and strong Cabinet government, whilst maintaining legitimacy as a unified Cabinet remains fully accountable to the Parliament as ‘it and it alone, appoints the executive [and] it can inflict the most severe of all penalties on neglect, for it can remove the executive’ (Bagehot, 1894, p. 228; see also Greaves, 1958, p. 41; King, 2001, p. 91; Norris, 2001, p. 879). Decisions taken by the Cabinet are then implemented by a neutral civil service, which operates along departmental lines within Whitehall. The neutrality of the civil service is maintained by the convention of individual ministerial accountability, wherein ministers are solely accountable for the actions of their department (Woodhouse, 1994). In this context, power is exercised in accordance with the Whig view of the constitution, where accountability to the House promotes a self-correcting balance within government (Judge, 1993; Flinders, 2001a, p. 6; Richards and Smith, 2002, p. 49). However, an alternative reading of the exercise of power within the Westminster model is also possible, and whereas the Whig notion of power emphasised *representative* government, the ‘Peelite’ conception stresses *responsible* government (Flinders, 2001a, pp. 5-7). Accordingly, the attendant conventions of the Westminster model produce strong executive government, insulating government from outside interference on the basis that ‘government knows best’, governing in the interest of the public good, rather than satisfying narrow self-interests. Thus, power is top-down, elitist and hierarchical, hermetically sealed within the Westminster village (Flinders, 2001a, pp. 5-7; Richards and Smith, 2002, pp. 47-9).

Whilst the Westminster model does capture many elements of the British State, its greatest value is in providing a 'legitimising mythology' (Richards and Smith, 2002, p. 48). Its emphasis upon the sovereignty of, and accountability to, Parliament has provided a veneer for executive domination of the legislative process, as an overriding parliamentary majority empowers governments to implement its legislative programme with limited checks and balances upon its actions (Norris, 2001, p. 879). Parliament, specifically the House of Commons, has been perceived as central in the British polity; 'its stature and procedures provid[ing] the framework for legitimate state action in the United Kingdom' (Flinders, 2002, p. 38; see also Morison, 1998, p. 515; Smith, 1999, p. 10; Cowley, 2001, p. 54). The first-past-the-post electoral system generally produces a single-party majority and the executive is drawn from the dominant party within the Commons. Parliament's role of sustaining the executive is therefore critical (Cowley, 2001, p. 54; Flinders, 2001, pp. 56-7). Furthermore, despite the rhetoric of ministerial accountability, and Parliament's power to censure the government through a vote of no-confidence, the government's in-built parliamentary majority, coupled with tight party discipline effectively insulates ministers from scrutiny, allowing the Executive to dominate the legislative process (Polidano, 1999, p. 212; King, 2001, p. 30). Thus, the appeal of the Westminster model endured, as it informed the actions of those operating within the state. Marshall has termed this the 'critical morality' of the British constitution, wherein the 'rules that political actors *ought* to feel obliged by' underpin 'the relationship that *ought* to exist between "the people", parliament and the executive' giving effect to the principles of parliamentary sovereignty and associated concepts such as ministerial accountability (Marshall, 1984, pp. 11, 18, emphasis in the original).

2.1.2 – Improving the machinery of government

The nineteenth century roots of the Westminster model reflect an era when the functions of government were relatively limited and easily confined to the departmental structure of Whitehall. Indeed, throughout the twentieth century, the structures of government were

characterised by stability, with many departments able to trace their roots back to the Northcote-Trevelyan reforms (Flinders, 2002, p. 55). Nonetheless, the growth in the scope and size of the state since the beginning of the twentieth century has prompted successive governments to examine the machinery of government to improve the capacity of the civil service in policy design and implementation, whilst ensuring the co-ordination of policy across Whitehall. The experience of total war between 1914-18 led to many improvisations in the government machinery, leading to the creation of an almost non-departmental War Cabinet in 1916. This experience exposed numerous organisational cracks in the Whitehall machine, which led to the Machinery of Government Committee being established in 1917 to

enquire into the responsibilities of the various Departments of the central executive Government, and to advise in what manner the exercise and distribution by the Government of its functions should be improved (Cmnd. 9230, 1918, para. 4).

The subsequent publication of the Haldane Report reaffirmed the role of the department as the core unit of state organisation, emphasising functionality as the underlying principle of public administration. However, the Report did acknowledge the difficulty in determining the neat delineation of departmental functions, which necessitated ‘co-operation between Departments in dealing with business of common interest’, recommending the creation of Research and Information Department within Whitehall to facilitate cross-departmental working (Cmnd. 9230, 1918, paras. 16, 19). Such a department was never created, which Bogdanor suggests reflects the prevailing normative influence of individual ministerial accountability, which offered incentives to ministers who solved departmental problems rather than preventing them from arising in the first place; for prevention may benefit another department beyond the minister’s scope (Bogdanor, 2005, p. 4). The experience of total war between 1939-1945 brought the issues of control and co-ordination to the fore once again, as joint working cross-departmental co-ordination characterised Churchill’s War Cabinet. In the early 1950s Churchill was determined to reintroduce the concept of ministerial ‘overlords’ to co-ordinate swathes of government activity, whilst reducing the burden on himself as head of government. This led to the creation of a ‘layer’ of ‘co-ordinating’ or ‘supervising’ ministers between the Prime Minister and various groupings of departmental ministers. These included Lord Woolton, who as Lord President was

responsible for co-ordinating the then separate Ministries of Food and Agriculture, and Lord Leathers, who became known at the ‘Secretary of State for the Co-ordination of Transport, Fuel and Power.’ Yet rather than improving co-ordination across government, the overlord experiment served to blur chains of command and their unsuitability to peacetime conditions became apparent, which led to their abandonment in 1953 (Hennessy and Welsh, 1998, pp. 63-9; Hennessy, 2001, pp. 297-9).

In the 1960s a number of reports were published, focusing on the perceived limitations of the civil service in policy-making. Published in 1961, the Plowden Report, *The Control of Public Expenditure*, highlighted the changes ‘both in scope and character’ of government activity, which had ‘produced strains on traditional structures and practices’, in particular highlighting ‘the tendency for expenditure decisions to be taken piecemeal’ (Cm. 1432, 1961, pp. 3-5). The Report concluded with a series of recommendations, including regular expenditure reviews, a modernised accounting system and the development of effective machinery to facilitate collective decision-making. The latter recommendation resulted in the establishment of the Public Expenditure Survey Committee (PESC) in 1961, whose core task was to plan public expenditure decisions taken across Whitehall whilst highlighting the financial implications of current policies (Heald, 1983, pp. 185-7). Despite initial success, the PESC eventually floundered because of its inability to effect constructive partnership across Whitehall, and by the 1970s had become the vehicle for the explosion, rather than control of public expenditure, forcing the Labour government to reduce in real terms welfare and public expenditure for the first time in post-war history (Lowe, 1997, p. 467). The Fulton Report, published in 1968, suggested that the civil service was still fundamentally the product of the nineteenth-century Northcote-Trevelyan reforms, rendering it inadequate to meet the demands of twentieth-century policy-making. A central question addressed by the Committee was the role of the Treasury in civil service management, which the Report concluded was ‘patchy rather than systematic, with too few staff and too little expertise’ (Cmnd. 3638, 1968). Whilst machinery of government issues were beyond the remit of the Fulton Committee, its Report warned against the hiving-off of civil service functions, suggesting that ‘the creation of further autonomous bodies, and the

drawing of the line between them and central government, would raise parliamentary and constitutional issues' (Cmnd. 3638, 1968, p. 61). The Report's recommendations led to several reforms to the civil service machine. In 1968 the Civil Service Department was established, absorbing the responsibilities of the Civil Service Commission, and pay and management divisions of the Treasury. To improve the co-ordination of expenditure and public policy, the Programme Analysis and Review (PAR) was established in 1970, which sought to ensure that departments presented a clear statement of its objectives and priorities in advance of the allocations process (HL 55, 1998, paras. 36-40). Indeed, prior to PAR

programmes were rarely assessed together or in terms of their influence on each other. Thus a department's policy impact on other departments, as well as the whole gamut of inter-departmental initiative and the latter's consequences were often analysed superficially, if at all (Gray and Jenkins, 1985, p. 108).

However, the success of the PAR, like the PESC, was limited because of its inability to transcend the prevailing departmental culture, wherein it was perceived as 'threaten[ing] the policy territory of Whitehall', and in 1979 it was replaced by the Rayner Scrutiny Programme (Flinders, 2002, p. 58).

Several attempts to reformulate the machinery of government occurred in the 1970s, which focused upon overcoming the problems posed by the culture of departmentalism that pervaded Whitehall. The Heath government's *Reorganisation of Central Government* White Paper was published in 1970, with a principle emphasis on the 'grouping of functions together in departments with wide span, so as to prove a series of fields of unified policy' (Cmnd. 4506, 1970). Accordingly, its recommendations led to the creation of 'giant' departments through a process of functional amalgamation, including the Department of Trade and Industry (DTI) and the Department of the Environment (Cmnd. 4506, 1970, pp. 7-10). The report also recommended the creation of 'a small multi-disciplinary central policy review staff in the Cabinet Office' to facilitate the 'strategic definition of objectives', which led to the establishment of the Central Policy Review Staff (CPRS) in 1971 (Cmnd. 4506, 1970). Initially headed by Lord Rothschild, the CPRS sought to improve strategic cross-departmental working by examining the fundamental

assumptions of government policy and flagging-up the potential consequences of actions across the field of government (HL 55, 1997, para. 41). A key report published by the CPRS was *A Joint Framework for Social Policies* (1975), which stated that ‘many of the most intractable problems affect more than one department, and involve central government, local authorities and other bodies.’ It proposed that services were co-ordinated along client lines, underpinned by a collective view amongst ministers regarding the strategic direction of cross-cutting policy problems, which led to the creation of Joint Approach to Social Policy (JASP) initiative. During this period, the strengthening of Prime Ministerial capacity was also sought and in 1974 Wilson’s Labour government established the Number 10 Policy Unit, as a small unit responsible for developing the Prime Minister’s policy proposals and driving them across Whitehall. Headed by Bernard Donoughue, the Policy Unit consisted of eight outsiders, intended to bring a different kind of expertise to the personal and political advice offered (House of Commons Library, 2000, p. 30; Richards and Smith, 2006, p. 330).

A question mark hangs over the effectiveness of the CPRS in facilitating governmental co-ordination. Greenwood and Wilson suggested that its existence outside the formal departmental structure ‘enabled it to engage in more wide-ranging analysis that would otherwise have been possible’ (1984, p. 62). However, Pollitt concluded that its limited size and institutional resources available rendered it

extremely difficult... to be remotely comprehensive in its policy analysis work, and it was equally impractical for it to keep close watch on the policy implementation phase, which, as always, took place largely within departments... Another consequence of the CPRS’s smallness - perhaps reinforced by its deliberately non-hierarchical structure - was its insecurity as an independent part of the government machine (Pollitt, 1974, p. 381).

Ultimately both the CPRS and JASP remained limited in their influence. In 1977, after only two years in existence, JASP was effectively dead, its failure attributable to the reluctance on the part of ministers to work beyond departmental boundaries and the complexity of cross-cutting social policy (Klein and Plowden, 2005, pp. 108-9). Similarly, despite the ‘considerable impact’ that the CPRS enjoyed under Rothschild until 1974, a

lack of ministerial interest coupled with its structural limitations led to the demise of the CPRS in 1983, although it was credited with securing ‘profound change’ in certain areas including energy and industry (James, 1986, pp. 423, 438). The Policy Unit has enjoyed greater longevity, being retained, although changed, by successive Prime Ministers since its creation. Under Thatcher, for example, the Unit was supplemented by special advisers, and took on a more overtly political role in order to challenge the existing policy positions of departments. Similarly, Major sought to increase the capacity of the Unit by formalising its role and further increasing staff numbers (House of Commons Library, 2000, p. 30; Richards and Smith, 2006, p. 330).

2.2 – The Emergence of Challenges to the British State

2.2.1 – International and domestic challenges

Despite successive attempts at improving its machinery, government structures remained largely unreformed, as the Whitehall machine proved resistant to fundamental change, reflecting the enduring normative appeal of the Westminster model. However, by the mid-1970s, the dominance of the Westminster paradigm appeared increasingly untenable in the face of both international and domestic challenges that had begun to emerge. During the 1970s the international context had become increasingly important, and global forces were perceived as undermining the Westphalian conception of the nation-state and its control of the domestic political economy (Perraton and Wells, 2004, pp. 178-80). Power was perceived as seeping upwards to inter-governmental and supra-national bodies, and decisions were increasingly made within the context of international institutions, notably the International Monetary Fund, which was perceived as affecting the domestic policy agenda following its loan to the Callaghan government in 1976 (Ludlam, 1992). Political decentralisation also occurred following the UK’s membership of the European Economic Community (EEC) in 1973, which meant that the British government was simply one actor amongst many, as policy-making competencies were transferred to the supra-national arena, which ‘did not fit neatly with the Westminster model of government’ (Norton, 2003,

p. 544). The expanding scope of European policy-making exacerbated this challenge. In 1986, the Single European Act established qualified majority voting in the Council of Ministers, removing the right of veto for individual members, whilst expanding the powers of the European Parliament. In 1993, the Maastricht Treaty further expanded the competencies of the European Union (EU) and the scope of qualified majority voting, whilst providing the European Parliament with a veto on certain legislation (Marks, Hooghe and Blank, 1995, p. 343). Such reforms meant that British government was increasingly unable to take decisions unilaterally, and there were pressures to reduce the size of government and for policy-making to take place through new governmental arrangements (Richards and Smith, 2002, p. 138). Overall, increasing external pressures upon the state led to a perceived reduction the government's scope and capacity to determine domestic policy, altering the preconditions for domestic policy choice and decreasing the efficiency of traditional domestic instruments of control such as law and regulation, which highlighting the need to look beyond the traditional locations of power (Rhodes, 1997, p. 6; Smith, 1999, p. 13; Pierre and Peters, 2000, pp. 58-9).

A series of internal pressures also challenged the traditional conception of state power. During the 1970s the narrative of 'overload' came to the fore, based upon the inability of the Labour governments of the 1970s to effectively deal with politically contentious issues such as recurrent economic crises, reform of the trade unions and continued membership of the EEC (King, 1975; Rose, 1976; Foster, 1999). This was seen to suggest that the state had accrued too many policy functions whilst lacking the leadership and management capacity to fulfil these roles. Furthermore, inter-departmental tensions within Whitehall contributed to the notion of 'overload', as the government became increasingly unable to facilitate smooth relationships between competing groups due to the lack of agreement between its own departments (Hall, 1986, p. 276; Coates, 1994, p. 53; Bache and Flinders, 2004b, p. 95). Related to this was the notion of 'ungovernability', whereby the expansion of the state into areas where policy effectiveness was low and the dependence upon outside groups high, caused public disenchantment and a lack of faith in state intervention, undermining the authority of the government (Dunleavy and O'Leary, 1987, p. 67; Rhodes,

1997, p. 88; Pierre and Peters, 2000, pp. 53-9). Together, these developments created a new intellectual climate, embodied by the increasingly influential New Right School of thought, in which arguments for reducing the role of the state were advanced, as 'government' became increasingly equated with slow and inefficient bureaucracy, which was over-protected and driven by self-interest (see, for example, Niskanen 1971, 1982).

2.2.2 – The impact of the domestic political response

In response to such challenges, the 1980s witnessed a fundamental shift in public management as a 'pandemic of public management reforms... swept across the OECD world' (Pollitt and Bouckaert, 2000, p. 1; see, for example, OECD, 1995). New Public Management (NPM) reforms were driven by the three 'E's – economy, efficiency, effectiveness – to 'achieve more bang for each buck' (Osborne and Gaebler, 1992), which in the British context focused upon the trends towards privatisation, marketisation, decentralisation, regulation and political control (Hood, 1991, 1995; Pollitt, 1993; Dunleavy and Hood, 1994; Wright, 1994; Greenwood, Wilson and Pyper, 2001). Under the Thatcher government, the legitimacy of government to intervene in society was challenged. Government became 'increasingly defined not as the solution to societal problems, but instead the very root and cause of these problems' (Pierre and Peters, 2000, pp. 2, 62). Accordingly, there occurred an ideological shift towards the market as an alternative mechanism of public service delivery, as it was suggested that economic prosperity was hampered by excess political control and regulation of markets. Managerialism and other tools associated with the private sector were introduced, and a programme of privatisation, hiving-off and contracting out was embarked upon, with the underpinning intention to counter the perceived illegitimacy and inefficiency of state intervention, and to limit the role of the state (Bevir, Rhodes and Weller, 2003, p. 2; Boyne et al, 2003, p. 153; Massey and Pyper, 2005, p. 30). The changes to the state were significant, as power flowed outwards and downwards to a 'myriad of subsidiary bodies, both within and without the formal boundaries of the state' (Holliday, 2000, p. 168).

Immediately upon coming to power in 1979, the Thatcher government embarked upon its wide-ranging programme of reform. In 1979 a critical review of non-departmental public bodies was established. The ensuing Pliatzky Report, published in 1980, highlighted the raft of public bodies that existed: a total of 487 executive bodies employing around 217,000 staff, with annual expenditure of £5,800 million; a further 1,561 advisory bodies; and an indeterminate number of tribunal bodies. The effect of the Report was to encourage the abolition of executive bodies, advisory bodies and tribunals. The Report recommended 30 specific executive bodies for abolition in 1980 alone, estimated to generate efficiency savings of £120 million per year, which was accompanied by a criteria for reviewing the necessity of all remaining public bodies (Cm. 7797, 1980, pp. 1-6). The civil service was also subject to early reform, and in 1979 Derek Rayner, managing director of Marks and Spencer Ltd., was appointed as Thatcher's personal advisor on improving efficiency and eliminating waste within government. This immediately led to the establishment of the Efficiency Unit, which systematically reviewed specific areas of government activity, recommending ways to achieve efficiency savings whilst increasing effectiveness, replacing the role of PAR. By 1986, 266 'Rayner Scrutinies' had been completed, which identified annual savings of £600 million, with additional one-off savings totalling £67 million (HL 55, 1997, paras. 61-3). To further improve civil service effectiveness, the Financial Management Initiative (FMI) was launched in 1982, its major aims being to provide department managers with clearly defined objectives; to explicate responsibilities for both resources and operations; and to provide the managerial support necessary for the execution of responsibilities (Cmnd. 8616, 1982). However, perhaps the most significant changes to the structures of government resulted from the Next Steps reforms, managed by Sir Peter Kemp. In 1988, the Efficiency Unit was asked to 'assess the progress achieved in improving management in the Civil Service.' The Ibbs Report, *Improving Management in Government: The Next Steps*, highlighted the need for more urgency in achieving efficiency savings, recommending that the civil service should be reduced to a small 'core' of policy makers, with agencies being established to carry out executive functions within a policy and resources framework set the 'parent' department (Cabinet Office, 1988). Thus, by 1996 a significant proportion of executive functions had been hived-off, with around 72

percent of civil servants were employed in agencies, or working in Next Step lines, with the number of agencies created running at 125 (HL 55, 1997, para. 86). Indeed, between 1979-1997, 50 percent of the public sector had returned to the private sector, and whereas in 1979, the nationalised industries accounted for 9 percent of the Gross Domestic Product (GDP), by 1991 the figure had dropped to less than 5 percent (Rhodes, 1997, p. 89).

However, instead of improving efficiency and effectiveness within government, the disaggregation of departmental responsibilities and the creation of relatively autonomous delivery agencies under Thatcher were perceived as weakening ministerial control and accountability (Greer, 1994). Barker, for example, stated that ‘as links between the government authorities and everyone else in society have become more detailed and intimate, this simple association of the legal base of an organisation [i.e. the public-private dichotomy] and its actual conduct has become untenable’ (Barker, 1982, p. 9). The unprecedented growth in agencies highlighted the increasing inability of ministers to remain fully aware of all that was occurring within their department, thus ‘there was still the practical problem of making a working reality of ministerial accountability to Parliament at a time when the responsibilities of Ministers are infinitely larger and more detailed than they were when the constitutional concept was introduced’ (Wilding,¹ 1982, p. 35; see also Johnson, 1982, p. 208). Furthermore, whilst the Thatcher government had ‘sought to cull quangos’, it had ‘managed to generate a new body of powerful regulators’, established to protect the consumer and ensure competition amongst the newly privatised industries and public utilities (Norton, 2003, p. 544). Resultantly, Whitehall departments, governmental bodies and local authorities (LAs) were perceived as increasingly operating in complex and dense networks, or cross-cutting territorial, functional, and hierarchical organisational relationships. Challenging the conception of centralised governmental capacity, the notion that ‘[m]odern government is multi-bureaucratic rather than mega-bureaucratic’ arose, as ‘patterns of behaviour by agencies towards one another in the process of process of “policy delivery” [became] increasingly complex.’ Thus, the

¹ This comment is particularly telling, as Wilding was then the Deputy Secretary responsible for the civil service Management Group, including the Machinery of Government Division. He was also the secretary on the Fulton Committee on the Civil Service.

'manipulation of the overall system from the centre can be difficult for governments to achieve *and dangerous to the system's professed values if it is achieved*' (Hood, 1982, pp. 66-7, emphasis added; see also Johnson, 1982, p. 210).

2.3 – The Perception of a Theoretical Lacuna and the Response of 'Governance'

2.3.1 – The emergence of a theoretical lacuna

The management reforms of the 1980s and 1990s therefore served to highlight the tensions between the new forms of political co-ordination and steering, and the powerful legacy of channels and instruments key to the traditional interpretation of the state, its capacity and accountability, rendering the Westminster model of policy-making apparently redundant. Whilst the government was still responsible, it was finding itself increasingly less capable of acting alone (Pierre and Peters, 2000, p. 67; Massey and Pyper, 2005, p. 31). The internal reforms to the state, intended to free it from unnecessary bureaucracy and to overcome its perceived inefficiencies, had instead served to disaggregate the public sector, causing the state to become further reliant upon the internationalised economy, on actors in markets or in civil society, and on organised interests, many of which operated outside the political mainframe. The traditional interpretation longer appeared to fit and the state had to redefine its role

As the state's traditional power bases seem to be losing much of their former strength, there has been a search for alternative strategies through which the state can articulate and pursue the collective interest without necessarily relying on coercive instruments (Pierre, 2000, p. 2).

The concept of governance arose as a logical response to this critique, and the notion of 'steering' in some ways squared the circle as it acknowledged that whilst the state itself was not the central source of economic and political dynamism, political institutions remained the central actors in defining goals and making priorities on behalf of the polity (Pierre and Peters, 2000, pp. 52-62; Bevir, Rhodes and Weller, 2003, pp. 1-2).

Governance as a theory seeks to account for the emerging interactions between the state, the market and civil society. As its starting point, the relationship between state and society, and the implementation of public policy is perceived to be 'increasingly dependent upon a much wider array of public, private and voluntary organisations than would traditionally be included within the "governmental" framework' (Flinders, 2002, p. 52). In essence, governance focuses on 'governance mechanisms which do not rest on recourse to the sanctions and authority of government' (Stoker, 1998, p. 17). Kooiman and Van Vilet, for example, suggested that governance

points to the creation of a structure or an order that cannot be externally imposed but is the result of the interaction of a multiplicity governing and each other influencing actors (Kooiman and Van Vilet, 1993, p. 64).

For Pierre, governance refers to a particular style of governing, based upon 'sustaining co-ordination and coherence among a wide variety of actors with different purposes and objectives such as political actors and institutions, corporate interests, civil society, and transnational governments' (Pierre, 2000, pp. 3-4). Governance also highlights a multiplicity of actors involved in policy-making and implementations. Eberlein and Kerwer suggest that governance transactions involve 'a large number of decision-making arenas... differentiated along both functional and territorial lines... inter-linked in a non-hierarchical way' (Eberlein and Kerwer, 2004, p. 128). Similarly, Skelcher suggests that public policy rests upon multi-faceted networks, involving political actors belonging to different decisional levels, together with various non-public actors, such as economic agents, interest representatives and stakeholders (Skelcher, 2005). Thus, governance entails the development of new tools and mechanisms, based upon deliberation, bargaining and compromise-seeking, exercised in collaboration between different government units and non-public bodies, as opposed to a process of top-down policy-making embodied within the Peelite conception of the Westminster model (Papadopoulos, 2007, pp. 469-70).

However, the academic literature on governance is diverse and disjointed, with little agreement within the literature as to what constitutes governance, both as a concept and as a theory (Jessop, 1995). Whereas Rhodes states the demise of central state capacity, as ‘self-steering inter-organisational policy networks confound mechanisms of democratic accountability focused on individuals and institutions’ (Rhodes, 1997, p. 5); others maintain the centrality of national governments, as their privileged position and resources vis-à-vis other state and non-state actors still allows them to ‘exert substantial control over international influences on their domestic policies and institutions’ (Pierre and Peters, 2000, p. 3). Stoker identified a general consensus that governance entails the development of governing styles wherein the boundaries between public and private have blurred, accompanied by a growth of governing mechanisms that are not necessarily based upon ‘recourse to the authority and sanctions of government.’ As a minimalist definition, he suggests that governance is simply ‘a complex set of institutions and actors that are drawn from but also beyond governance’ (Stoker, 1998, p. 17). Beyond this simplistic taxonomy, however, there is scant agreement regarding the specifics of governance as a theory or a process, and resultantly ‘governance’ has assumed the guise of an ‘essentially contested concept’ (Gaille, 1956). The concept of governance therefore remains ‘notoriously slippery’, frequently applied without an agreed definition (Pierre and Peters, 2000, p. 7). Without greater specificity, governance fails to offer an explanatory theory, at best providing an organising framework for understanding changes in the governing process, the value of which being questionable if the minimalist definition is applied (Stoker, 1998, p. 18). Such taxonomic problems were highlighted by Sartori, who suggested that as a concept becomes more specific, increasingly few cases will fall within its definitional remit, and vice-versa. Accordingly, Sartori suggests the categorisation of concepts can risk either being too specific to apply or too broad to provide analytical utility, highlighting the importance of contextual factors in determining appropriateness (Sartori, 1970, p. 1041). With regards to governance, its wide-ranging applicability is arguably at the expense of meaningful causal analysis, therefore there is the need to tease apart the nature of certain concepts in order to achieve greater conceptual specificity and analytical rigour.

2.2.2 – Theoretical divergences

Theoretical divergences within the broad theory of governance occur along several fault lines. A key area of theoretical divergence centres upon role and power of the state vis-à-vis society. Determining state capacity has provided the focus of Rhodes' work for over two decades, and the ideas of disaggregation and a differentiated polity have been recurrent themes. In his earlier analysis of relations between central and local levels of government, Rhodes formulated the 'power dependence' model of inter-governmental relations, wherein 'relations are simultaneously rational, ambiguous and confused'; and fragmentation is based upon functional specialisation rather than organisational classification, collapsing the distinction between 'public' and 'private' as the emphasis is switched to the inter-dependency of a variety of organisations (Rhodes, 1981, pp. 2, 116). Rhodes later explored the continuing effects of fragmentation, concluding that the greatest impact has been at the centre, which has been reduced to one of numerous competing spheres of power; 'centralisation coexists with fragmentation and inter-dependence; where policy intentions drown in their unintended consequences.' Thus

we no longer have a mono-centric or unitary government; there is not one but many centres linking many levels of government... So the strong executive, the tradition of 'leaders know best' encapsulated in the Westminster model, founders on the complex, multi-form maze of institutions that make up the differentiated polity. Inter-dependence confounds centralisation. More control is exerted, but over less. Services continue to be delivered, but by networks of organisation which resist central direction. There are plenty of governments which Government cannot steer (Rhodes, 1997, pp. 3-4).

Similarly, Kooiman suggests that governance will always be an interactive process, as no single political or non-political actor has the resource capacity or knowledge to unilaterally address problems (Kooiman, 1993). Indeed, it has been suggested that the increasing globalisation of the political economy has led to the complete bypass of the nation state, resulting in a system of 'governance without government' (e.g. Rosenau and Czempiel, 1992; Rosenau, 1997). However, other academics have highlighted the continued structural advantages afforded to central governments. Hooghe, for example, rejects the diminution of the nation state, suggesting that 'national state institutions have retained significant control over state resources', vis-à-vis sub-national and supra-national bodies (Hooghe,

1996, p. 18). Similarly, Pierre and Peters counter the marginalisation of state-centricity as ‘exaggerated at best and misleading at worst.’ They perceive the state as a ‘*primus inter pares* actor whose capabilities are contingent on its ability to mobilise other societal actors for its purpose’, suggesting that to meet the challenge of governance, most states have ‘deliberately relaxed their organisational cohesion in order to enable different segments of the state to develop their own forms of exchange’ (Pierre and Peters, 2000, pp. 75-82).

Another point of divergence is the organisational framework within which governance transactions take place; whereas some narratives emphasise the ordered nature of governance transactions, others focus upon the fluid and dynamic exchanges of power that take place within multiple-actor, overlapping policy networks. Multi-level governance, for example, refers to the negotiated, non-hierarchical exchanges between institutions at the supra-national, national, regional and local levels (Smith, 1995; Hix 1998), highlighting the vertical ‘layering’ of governance processes at these different levels (Pierre and Stoker, 2000). The theory of multi-level governance was first posited by Marks to describe how in the EU ‘supra-national, national, regional, and local governments are enmeshed in territorially overarching policy networks’ (Marks, 1993, pp. 402–3). This theory has subsequently been developed by Marks and Hooghe (1995, 2003, 2004), wherein a subtle normative dimension has become increasingly apparent

The dispersion of governance across multiple jurisdictions is *both more effective than, and normatively superior to*, central state monopoly... that governance must operate at multiple scales in order to capture variations in the territorial reach of policy externalities... To internalise externalities, governance must be multi-level (Marks and Hooghe, 2004, p. 16, emphasis added).

Marks and Hooghe also delineated two contrasting views of the organisation of multi-level governance. Type I is characterised as a ‘nested’ or ‘Russian doll’ model, wherein the primary unit of analysis is national governments and the focus is upon general-purpose jurisdictions with non-intersecting memberships. Type II is a targeted, or specialised, conception of multi-level governance, wherein task-specific jurisdictions, with sometimes intersecting memberships, operate at numerous territorial levels (Hooghe and Marks, 2003,

pp. 236-9; Marks and Hooghe, 2004, pp. 16-20). Each is based on a different conception of power. Type I is suited to dealing with zero-sum issues

that is, distributional bargaining, because it facilitates logrolling and cross-issue trading. And because the barriers to exit are high, it is also well suited to provide non-excludable public goods (Marks and Hooghe, 2004, p. 27).

However, Type II is effective in solving ad hoc co-ordination problems amongst 'individuals sharing the same geographical or functional space. Individuals relate to jurisdictions as members of fluid, intersecting communities' (Marks and Hooghe, 2004, p. 29). Whilst the theory of multi-level governance developed in the context of EU policy-making, it has gained increasing salience in a range of governance settings, perceived as a 'far more relevant way of understanding inter-governmental relationships than the previous, more legalistic approach', moving beyond the characterisation of the 'zero-sum nature of inter-governmental relations' (Pierre and Peters, 2001, p. 133).

Rhodes, however, highlights increasing fluidity, suggesting that governance transactions take place within 'self-organising, inter-organisational networks' (Rhodes, 1999, p. 660). Similarly, Jessop states that the focus should be upon the emergent forms of self-co-ordination, which increasingly involves the 'self-organised steering of multiple agencies, institutions, and systems which are operationally autonomous from one another yet structurally coupled due to their mutual inter-dependence' (Jessop, 1998, p. 29). Against this, however, Pierre and Peters suggest that self-organising networks are in fact constructed and organised by various political authorities, again highlighting theoretical disagreements regarding the role of the state, which highlights the question of whether national governments are able to dominate the governance process (Pierre and Peters, 2000, p. 165). Thus, it has been widely argued that governance is best perceived of as operating through and within multiple overlapping policy networks, although the role of the central state within these networks remain contested. Peters and Pierre, for example, highlight the centrality of governments within policy networks, suggesting that

only institutions can provide continuous linkages between governance at different levels of the system... This institutional linkage often evolves in situations where the jurisdiction of institutions at different levels overlap to a smaller or larger extent (Peters and Pierre, 2004, p. 80).

Elsewhere, Pierre and Stoker suggest that the blurring of the boundaries between the public and the private sector within governance networks; that governance refers to spatial and sectoral elements and does not necessarily rest on hierarchy. They identify two different perspectives or applications governance; the formal and informal exchanges that occur to solve problems; and the ways in which traditional institutions are transforming to meet the challenges of governance (Pierre and Stoker, 2000, p. 35). These views are also echoed by Bache, who concludes that governance actually rests upon networks rather than being exercised through hierarchical structures (Bache, 2003, p. 301).

Jessop's concept of meta-governance, which focuses upon the facilitation of self-organisation, is one emergent theory that accounts for the variables outlined above, and is particularly pertinent to the British experience. Key to the concept of meta-governance is the exercise of political leadership wherein traditional political actors have become charged with the management of 'complexity and plurality.' Thus, rather than its marginalisation, meta-governance highlights a revitalised role for the state in providing the context for the design of self-organisation, ensuring the relative coherency of diverse aims and objectives, and setting the parameters within which governance transactions take place. There are both institutional and strategic dimensions to this political leadership. Institutionally, it relates to the provision of mechanisms for 'collective learning about the functional linkages and the material inter-dependence amongst different sites and spheres of action'; and strategically, it promotes the development of shared visions and objectives. Along both dimensions, therefore, political leadership seeks to shape 'the context within which heterarchies can be forged rather than developing specific strategies and initiatives for them.' Resultantly, the state adopts a major role as the 'primary organiser of the dialogue among policy communities, as an institutional ensemble charged with ensuring some coherency among all sub-systems, as a source of regulatory order in and through which they can pursue their aims, and as the sovereign power of responsibility.' Rejecting both the rigid hierarchical

ordering of governance arrangements on one hand, and the unstructured exercise of fluid and dynamic power on the other, Jessop therefore envisages the imposition of centrally-determined framework of order wherein the state ‘provides the ground rules for governance’, which is then largely exercised within self-organised networks. Thus, as suggested previously by Scharpf, governance transactions increasingly take place ‘in the shadow of hierarchy’ (Scharpf, 1994, pp. 38-41), as the numerous co-ordination mechanisms exercised by the central authority, including markets, hierarchies, networks and solidarities, inform and direct the different forms of self-organisation adopted by further down the deliver chain (Jessop, 1998, 2004).

2.4 – Criticisms of Governance as a Theory

2.4.1 – Temporal specificity

Despite the apparent ubiquity of literature relating to governance, several significant questions have been raised about its accuracy and utility. The contemporary specificity of governance as a framework of analysis has been challenged. Even governance protagonists, such as Peters and Pierre, have maintained that

[u]nderstanding the causes and consequences of governance requires some kind of ‘benchmark’ against which these changes can be assessed. The most obvious ‘benchmark’ in such an analysis is the world as it was prior to the emergence of the contemporary interest in governance (Peters and Pierre, 2004, p. 25).

However, an underlying assumption of their work is that a ‘historically state-centric British political milieu’ existed prior to the emergence of governance as a form of state organisation (Peters and Pierre, 2004, pp. 25, 78). Others, however, have countered this assumption. Judge suggests that the British state has always featured elements of administrative decentralisation, for example in relation to Scotland and Wales (Judge, 1993, p. 204). Since its incorporation in 1707, Scotland has retained its own church, education and legal system, and a distinct political culture, and has also enjoyed numerous privileges at Westminster, including sustained over-representation in the Commons, and the existence

of its own ministry, the Scottish Office, which by the 1960s was concerned with all issues affecting Scotland. Similarly, Wales had experienced a degree of administrative autonomy, following the creation of the Welsh Office in 1964, and, like Scotland, has been consistently over-represented in the Commons. Citing such historical evidence thus leads Marinetto to conclude 'that the British polity has long been decentralised. Thus, it is difficult to see how recent developments have in any way transformed the capacities of the core executive' (Marinetto, 2003, p. 592). Similarly, the bypass of ministerial departments in favour of appointed boards and other quasi-autonomous bodies has occurred since the mid-nineteenth century and beyond, gathering pace since the early twentieth century as the functions of the state became increasingly complex (Flinders, 2001, pp. 4-5). Thus, a 'monolithic pattern is a grossly inadequate characterisation of how the functions of central government were delivered prior to 1988' (Hogwood, Judge and McVicar, 2000, p. 197). Challenges to the concept of ministerial accountability, essentially always a normative, idealised concept, are not recent, raising the question of whether the government ever has been able to fully control the policy implementation process (Johnson, 1982, p. 210; Smith, 2000, p. 44). The role of the centre has traditionally been one of co-ordination, and the assertion that governance has reduced its capacity may be based on a false premise (Page and Daintith, 2000, p. 64).

Similarly, government has traditionally been beset by problems of internal fragmentation, rendering steering and co-ordination problematic. The entrenched departmental system, based around 'policy chimneys', has meant that the centre's role of has traditionally been one of co-ordination rather than control (Page and Daintith, 2000, p. 64; Richards and Smith, 2002, p. 239). This is illustrated by the successive attempts to improve co-ordination at the heart of government outlined above. Furthermore, the vertical silo structure of policy-making instead served to encourage parochialism, thus precluding joint working and frequently confounding measures of central co-ordination (Norton, 2000, p. 105). Macmillan's attempts in the 1950s to augment the capacity of the central state and encourage joint working, such as through the creation of the National Economic Development Council, were ultimately undermined by the political and administrative

fragmentation within the executive (Marinetti, 2003, p. 604). Similarly, the CPRS anticipated many of the themes that have since re-occurred under the banners of governance and joining-up government, stating that ‘many of the most intractable problems affect more than one department, and involve central government, local authorities and other bodies’ (CPRS, 1975, p. 2). Many of the concerns regarding central capacity, steering and co-ordination, which have since featured in numerous accounts of governance, were also reflected in the literature of the time. Departmentalism has increasingly been recognised as a significant bureaucratic failing, which had hindered the strategic and operational capacity of government (Albrow, 1970; Hood, 1976). Downs, for example, highlighted the barriers to communication in complex bureaucracies, suggesting that information became lost or distorted as it was transmitted through successive organisational layers (Downs, 1967). In the British context, Jennings highlighted the growth of state functions, and the resultant increases in the number of Whitehall departments as ‘rais[ing], increased difficulties of co-ordination’ (Jennings, 1966, p. 139). He also pointed to the increased complexity of policy functions exercised by government, which ‘do not fall nicely and conveniently’ within the departmental structure, wherein the ‘actions of one department may require the collaboration of several more’ (Jennings, 1966, p. 168). The culture of departmentalism within Whitehall was neatly summarised by Dunsire in his phrase ‘Bable House’, which pointed to the different languages and departmental cultures that operated across Whitehall, besetting intra- and inter-departmental collaboration (Dunsire, 1978). Indeed, the empirical research of Pressman and Wildavsky highlighted the improbability of getting agreement over a succession of ‘decision points’ amongst multiple participants involved in policy-making and delivery in the absence of a near-total consensus. This led them to conclude that ‘no suggestion for reform is more common’ than improving co-ordination to ensure the centre’s strategic capacity (Pressman and Wildavsky, 1984, p. 133). Thus, the state has always been constrained, as the context and environment in which the government operates has long been characterised by internal fragmentation and complex inter-dependencies, which challenges the novelty of governance as a blueprint for the contemporary polity (Smith, 2000, p. 44; Marinetti, 2003, p. 603).

2.4.2 – Current relevancy and applicability

As the temporal specificity of governance has been questioned, so has its current applicability as an account of the exercise of power in the British state, as numerous scholars have rejected the notion of a hollow state, instead attempting to relocate the role and power of the state within the governance debate in a way which suggests the transformation, as opposed to the diminution of state power (Weller and Bakvis, 1997; Holliday, 2000; Taylor, 2000; Flinders, 2002; Bache and Bristow, 2003). There is evidence indicating that the challenge presented by supra-national organisations to the primacy of national governments may have been overstated. The nation state remains central to the EU policy process, and despite the ability of sub-national actors to bypass the state, they do not necessarily have a power to shape outcomes, thus highlighting a difference between ‘mobilisation’ and ‘influence’ (Fairbass and Jordan, 2004, p. 152). This view was reiterated by Smith, who stated that ‘dependency is a two-way process and international actors depend on nation states. The EU in particular can achieve little without the support of national governments’ (Smith, 2000, p. 44; see also Richards and Smith, 2002, p. 163). Indeed, the government has often acted as an effective gatekeeper to European policy and further integration, reflected in the pattern of reception, which ‘has largely been one of adapting the traditional Whitehall approach and absorbing EU business into it.’ The impact of the EU upon executive-parliamentary relations, the rules of Treasury and the machinery of European policy co-ordination, for example, ‘seems to have been of a type designed to minimise disturbance to traditions in British central government’ (Bulmer and Burch, 2000, p. 62). Similarly, Bache highlights the historic clash between the EU and the nation state as a gatekeeper, illustrated by the continual success of the UK government attempts to resist the principle of additionality as a requirement of the receipt of EU funds, which is perceived as an indication of central government strength vis-à-vis the Commission (Bache, 1999, p. 35; Bache and Bristow, 2003, p. 423). Furthermore, Baker has suggested that ‘New Labour still want[s] a typical “pick and mix” EU for its own purposes.’ The government, for example, was able to resist qualified majority voting ‘in areas that were deemed to jeopardise the national interest by creating a risk of being outvoted’ including social security, taxation, national resources and defence. Similarly, it was able to obtain

concessions regarding the European constitution, such as requiring its ratification through general referendum. Such actions have clear implications for the idea of shared sovereignty as it appears that the government has been able to exert its influence to gain its desired outcomes (Baker, 2005, pp. 29-30; see also Buller, 2000; Marsh et al, 2003, pp. 329-30).

The accuracy of governance as a theory of state power has also been challenged by counter-evidence at the domestic level. The privileged position of the core executive vis-à-vis both extra-governmental and non-governmental actors, has been highlighted, as it remains the most resourced domestic institution in terms of authority, finance and control. Therefore, 'its centrality and control of resources means that it continues to have dominance over other organisations and networks' (Smith, 1999, p. 253; see also Deakin and Parry, 2000, p. 81; Taylor, 2000, p. 51). Similarly, whilst acknowledging that a degree of power and resource dependency will always be inherent in the policy-making process, Holliday asserts 'in dealing with non-core actors it is certainly not lacking in extensive power and resources of its own' (Holliday, 2000, p. 173). He thus refutes Rhodes' argument that the British state is hollowing-out

The core is to an extent fragmented, but this does not mean that it is disabled. It is also power and resource dependent, but in each case the asymmetries frequently work to its advantage. Co-ordination is very much within the grasp of core actors, although, as the Thatcher experience showed, control is a more distant prospect. At the start of the twenty-first century the British core is more substantial than ever before, and is capable of securing many, though of course not all, of the policy outcomes it seeks (Holliday, 2000, p. 175).

This argument is echoed by Taylor, who asserts that constraints on central action, as defined by governance theory

ignores the fact that networks do not always emerge fully formed and complexity may enable the centre to dominate networks by determining their operational parameters and objectives. Government, because of its financial resources, legislative power and political legitimacy, can impose its value preferences on a network. This must question the extent to which the state has hollowed out (Taylor, 2000, p. 51).

The idea that government ministers would voluntarily cede their policy-making powers, reducing their capacity and marginalising their central status in the policy-making process, has therefore been questioned. Ministers have been perceived as acting as gatekeepers in relation to proposals regarding their role, thus seeking to avoid measures which would result in the direct diminution of their power and status within the policy process. Norton, for example, suggests that despite attempts to modify the structure of government through processes such as hiving-off, 'it has proved virtually impossible to move away from departments as the core structure of government' (Norton, 2000, p. 107).

The steps taken by the government since 1997 to ensure central co-ordination and steering within Whitehall, which are analysed in detail in Chapter 3, suggest that the government has recognised the challenge that governance presents to its capacity to determine and implement policy. The reaction of the Labour government to the apparent challenges of decentralisation and fragmentation indicate that 'changes emanating from the within the centre have reinforced the power of government, although the impression on the surface suggests otherwise' (Marinetto, 2003, p. 605). Taylor, for example, criticises the notion of hollowing-out, maintaining that increasing complexity confounds hollowing-out, and the ability of the centre to promote governmental co-ordination and assert itself upon networks suggest the opposite, and therefore should be seen as a process of 'filling-in', as the complexity of public policy 'requires the concentration of policy action within fewer hands to facilitate effective delivery.' Government actors are therefore central within policy networks, as '[t]he growth of complex networks may increase central control as the centre sheds tasks to concentrate on core executive functions of policy determination, monitoring and evaluation' (Taylor, 2000, p. 51). The notion of filling-in is echoed by Marinetto, who cites the government's efforts at boosting the co-ordination capacities of the Cabinet Office and the Treasury as evidence of 'further centralisation rather than the haemorrhaging of power and authority.' This leads Marinetto to conclude that the core 'is far from resigning itself to a permanent state of incapacity but is striving for strategic co-ordination across the public sector' (Marinetto, 2003, p. 600). Similarly, Bache and Flinders suggest that rather than eviscerating state power, the challenge of governance has instead prompted the

development of new mechanisms of co-ordination, steering and gatekeeping, in order to maximise state power in the changing context. Despite the emergence of a multi-level polity, the erosion of central government's power should not be taken for granted (Bache and Flinders, 2004b, pp. 93, 106).

Together, such evidence is taken to suggest that the state's power and capacity has evolved rather than eroded; and despite the challenge of complexity and emergence of alternative non-state actors, the government remains structurally advantaged in terms of power and resources

by pursuing strategies designed to cope with state complexity, core executive actors are using the key characteristics of the state – its monopoly of the legitimate use of coercion (or, more pointedly, their legitimate capacity to wield their monopoly) – in a more explicit and directed manner than has been evident for some time (Saward, 1997, p. 26).

Holliday, for example, highlights the structural advantages afforded to the government vis-à-vis non-state actors, and suggests that co-ordination is 'very much within the grasp' of government, rendering it 'capable' of securing many of the policy objectives it seeks (Holliday, 2000, pp. 175-6). This is echoed by Taylor, who suggests that focusing on the challenge presented by self-organising networks 'ignores the fact that networks do not always emerge fully formed and complexity may enable the centre to dominate them by determining their operational parameters and objectives,' allowing the resource-advantaged government to 'impose its value preferences on a network' (Taylor, 2000, p. 51). The state's role in determining the structured environment in which networks function is also highlighted by Richards and Smith, who argue that '[a]t whatever level of abstraction, the state will always have a role [although] the role might not necessarily be that of an agent, actively participating in a network' (Richards and Smith, 2002, p. 23). Similarly, Bache perceives governance as a restructuring, rather than reduction, of state capacity. He maintains that the centre seeks to govern through governance; that is, 'the centre *voluntarily* encourages new cross-sectoral networks and retains – in some cases enhances – its control over policy' (Bache, 2003, p. 301, emphasis in original).

The fullest expression of such ideas is in the 'asymmetric power model', developed by Marsh et al (2003) in response to the hollowing-out critique, building on Smith's earlier work, which highlighted the resource advantages afforded to a core executive institutions including the Treasury, Prime Minister's Office and Cabinet Office (Smith, 1999). Rejecting the 'inherent pluralism' of Rhodes' differentiated policy model, the asymmetric power model highlights the structurally imbalanced nature of power relationships within the British state

One of the big problems with most analyses of British politics is that they privilege agents and downplay the effect of structure. Politics does not occur on a level playing field as the pluralists would have us believe. Rather, the field has slopes and gullies that systematically facilitate some interests and constrain others. To put it another way, British politics may be characterised by plurality, but it does not reflect a pluralist power structure (Marsh et al, 2003, pp. 331-2).

The asymmetric power model thus suggests a 'pattern of structured inequality', affecting the institutions and processes of the British state, which are underpinned by a 'British Political Tradition', based upon top-down decision-making and the notion that 'government knows best.' Thus, whilst governance transactions entail multiple actors (c.f. Rhodes, 1997), it is 'is crucial to acknowledge' that in the British context 'such exchanges are most often asymmetric' (Marsh et al, 2003, p. 308).

2.5 – Conclusion: Governance, Government and Assuring State Capacity

This chapter sought to consider the extent to which governance theory encapsulates and accounts for the contemporary topography of the British state. Thus far, a partial answer has been provided, highlighting the contested nature of governance and its applicability to the British state. It suggests that in the British context, the governance debate has adopted a dual perspective, focusing on the challenge presented to traditional interpretations of the state; and the response of the government to the perceived loss of central control. A

distinction should therefore be made between theoretically idealised forms of governance and the form that governance transactions adopt in practice. For example, whilst self-governing networks may be perceived of as the 'ultimate partnership activity', their emergence creates significant dilemmas regarding regulation and accountability. Similarly, the willingness of central authorities to embrace the governance narrative is questionable, as faced with increasing complexity and autonomy in governing arrangements there can be 'a strong tendency for political leadership to seek to impose order and issue directives', conflicting with the apparent autonomy afforded to self-governing networks (Stoker, 1998, pp. 23-4). In providing the historical context to the emergence of governance as an explanatory model of the British polity, it has also sought to examine the extent to which the challenges to the capacity of the centre are a recent phenomenon. Indeed, the examination of success of reforms throughout the twentieth century has indicated that challenges of ensuring strategic and operational capacity are not solely contemporary, as the problems associated with co-ordination, collaboration, steering and accountability have bedevilled successive governments. In order to provide a rejoinder to these questions, the detailed empirical research of the Chapters 3-6 will clarify the extent to which governance is the appropriate model of power relations within the British state, whilst determining its historical specificity. Chapter 3 will provide a broad analysis of the range of tools and institutions introduced by the Labour government between 1997-2007 to promote joined-up governance and improving service delivery, whilst ensuring its steering capacity. This will be followed by a detailed analysis of the government's PSA framework as a response to the challenges of fragmentation and hollowing-out in Chapter 4, with specific case studies being focused upon in Chapters 5 and 6. Throughout all subsequent empirical analysis, specific reference will be paid to various strands of academic discourse delineated during this chapter, enabling a full rejoinder to be offered in Chapter 7, which provides detailed answers to the core questions of this thesis.

Chapter 3 – New Labour (1997-2007) and the Centre of Government

When Mr Blair became Prime Minister in 1997, he found in the Cabinet Office the traditional secretariats responsible for managing and co-ordinating government business, a number of units responsible for propriety and ethics, plus an HR function still vested in administration rather than development. In No.10 he found a small private office and a small communications function but one dealing only with news and one with the national media. The leader of the large organisation would expect to find far more than this at its centre. He was entitled to ask 'is that it?'

There was no central strategy capability, little ability to harness the use of IT across government, no central procurement capability, nor one for project management, no effective mechanism to pursue delivery of the government's objectives, and no capability to develop proper two-way communications with frontline staff and the users of public services (Sir Andrew Turnbull, valedictory speech on 16 September 2005).

Returning to power in 1997 Labour sought to respond to the dilemmas and consequences of the NPM reforms, and were determined to usher in a new style of government wherein a strong centre would ensure the delivery of key government priorities, cutting across traditional departmental barriers where necessary (Bevir and Rhodes, 2003, p. 124). The changes to the state during the previous two decades were perceived as weakening its direct control over organisational structures and placing more emphasis on evaluation and performance. The government focused upon the absence of adequate machinery to ensure the prioritisation of the centre's objectives, which led to changes across the spectrum of government based on the two pillars of 'joining-up government' and 'delivery of service outcomes', each idea dominating its discourse at various intervals between 1997-2007. Building upon the themes identified in Chapter 2, this chapter will seek to determine the effectiveness of the government's reform agenda as a response to the perceived challenges of fragmentation and hollowing-out. To do this, the chapter will analyse the way in which the dual aims of joining-up and enhanced service delivery have been implemented through a programme that has been simultaneously based upon strategic centralisation and operational autonomy. It will then consider the effectiveness of the reforms instigated as a response to the challenges faced by the state, with specific attention given to the pervading Whitehall culture and the overall coherency of the reform agenda. Overall, the chapter will

suggest that through the government's reform agenda, there has been an explicit recognition of the fragmentation of the state. Nonetheless, there are tensions between the government's dual emphasis upon centralisation and autonomy, which could potentially affect progress towards the government's strategic aims, undermining its attempts to 'fill-in' its capacity. Whilst the scope of this chapter can only offer nascent judgements regarding the effectiveness of the government's reform agenda as an overt attempt to fill-in its strategic capacity and wire up the state, the detailed analysis of the PSA framework in Chapters 4-6 will build upon some of the preliminary conclusions offered in this chapter, providing a full rejoinder in Chapter 7 to the questions raised in Chapter 2.

3.1 – New Labour's Return to Power

Throughout its eighteen years in opposition, Labour had become increasingly convinced of the need to reform the machinery of government. Labour's time in office during the 1960s and 1970s and the difficulties experienced, detailed in Chapter 2, highlighted the importance of good management practice; firm leadership from the centre of government, with improved strategic capacity (Painter, 1999, p. 99). Furthermore, the fragmentation created by the 'pathology of departmentalism', exacerbated by the managerial reforms of the 1980s and early 1990s, 'concentrated Labour minds on the search for alternative models of state delivery' (Richards and Smith, 2000, pp. 106-7; see also Bogdanor, 2005, p. 11). After being returned to power in 1997 Labour were determined to usher in a new style of government wherein a strong centre, supported by co-ordinating tools and mechanisms, would ensure the delivery of key government priorities, cutting across traditional departmental barriers where necessary. In some respects, the new government was constrained by the actions of the previous Conservative government, as often 'a constellation of political forces... propels new governments along paths that were also followed by their predecessors... includ[ing] the policy preferences of the bureaucracy and the demands of pressure groups' (Boyne, 1998, p. 46). For example, the first Labour administration committed itself to the Conservative's public expenditure targets until 1999

(Boyne, 1998, p. 46; Hindmoor, 2005, p. 275). Overall, however, the government's main focus was upon problems arising from the absence of adequate machinery to ensure the prioritisation of the centre's core objectives, which led to changes across the spectrum of government (Boyne, 1998, p. 48; Richards and Smith, 2002, p. 208). The Prime Minister in particular was painfully aware of the limitations to the centre's capacity to oversee and enforce broad government strategy, and to prevent the slide into departmentalism. Thus, with Blair's impetus driving the reform agenda, strengthening the centre and 'joining-up' the disparate parts of government became the antidote to the seemingly excessive departmentalism that had hindered effective policy-making in the past (Ling, 2002, p. 615). These concerns were reflected in the three central themes of the *Modernising Government* White Paper, which sought to ensure that 'policy is more joined up and strategic', wherein 'public service users, not providers, are the focus', in order to deliver 'public services that are high quality and efficient' (Cm. 4310, 1999, p. 6).

The ensuing programme of reform can roughly be divided into two stages. In Labour's first term (1997-2001), the emphasis was upon modernising and reforming the centre of government, specifically upon achieving joined-up government (JUG). Labour's second term (2001-2005) brought about a step-change, as attention shifted to improved service delivery, which was detailed on the Cabinet Office's website

The Government's priority for this term is to improve public service delivery and reform public services. This work is supported by the Prime Minister's Delivery Unit and the Office of Public Service Reform, both set up in June 2001 and located in the Cabinet Office, helping to create a strong strategic centre of Government. These new units together, with the Government Offices for the Regions, will help deliver improved service delivery on the ground.

Improving public services builds on the work in the first term to modernise and reform central Government. The *Modernising Government* reform programme was defined by the White Paper in 1998 and implementation was supported by Modernising Public Services Group in the Cabinet Office. The work of this Group is now being taken forward by other Units in the Cabinet Office... as part of the overall public service improvement programme.²

² http://archive.cabinetoffice.gov.uk/moderngov/new_modgov.htm, as at 13 April 2006.

The main institutional innovations at the centre of government are summarised in table 3.1, which indicates that the remits of the bodies created largely corresponds with the two stages of reform identified. These two stages will be examined in further detail, exploring the rationale underpinning the government's reform programme, before moving on to consider the pertinent issues highlighted by Labour's approach to the machinery of government.

Table 3.1 – Institutional innovations at the centre of government, 1997-2007

Name	Date Created	Location	Remit	Notes
Women's Unit	June 1997	Initially within the Department of Social Security. Transferred to the Cabinet Office, August 1998.	'The Women's Unit aims to add value, from a woman's perspective, to what the Government is already doing. It also seeks to develop policies and proposals on specific initiatives which are important to women, but by their nature are cross-cutting and unlikely to be a priority for any individual department' (Cabinet Office, 2000b).	Wound down in April 2001, replaced by the Women and Equality Unit within the DTI
Better Regulation Task Force	September 1997	Cabinet Office.	'The Better Regulation Task Force is an independent body established to advise government on action to ensure that regulation and its enforcement accord with the five principles of good regulation – proportionality, accountability, consistency, transparency and targeting.' ³	Renamed Better Regulation Commission , January 2006.
Strategic Communications Unit	November 1997	Number 10.	'It will be responsible for managing strategic communication across all departments and will produce the Government's Annual Report on their performance and achievement of their objectives, as announced in August 1997... The aim of the unit is to make sure events are scheduled, launched and followed through to maintain impact and to convey the central story and themes of the Government in all their communications' (Tony Blair, HC Deb cc. 229-30, 14 January 1998).	Established following the Mountfield Review into the Government Information Service and initially headed by Alastair Campbell.
Social Exclusion Unit	December 1997	Cabinet Office, but reports to the Prime Minister. Transferred to the Office of the Deputy Prime Minister, May 2002, but continued to report directly to the Prime Minister.	'The Prime Minister set up the Social Exclusion Unit in 1997 to 'find joined-up solutions to joined-up problems', working right across government... The Unit is staffed by both civil servants and people with direct experience of tackling social exclusion' (Social Exclusion Unit, 2004, p. 2).	Wound down in June 2006, and replaced by a smaller Social Exclusion Taskforce within the Cabinet Office.
Performance and Innovation Unit	July 1998	Cabinet Office, but reports to the Prime	'Its aim is to improve the capacity of Government to address strategic, cross-cutting issues and promote innovation in the development of policy	Merged with the Prime Minister's Forward Strategy

³ http://www.cabinetoffice.gov.uk/newsroom/news_releases/2004/041213_members.asp, last accessed 11 April 2006.

		Minister.	and in the delivery of the Government's objectives' (Cabinet Office, 2000b).	Unit and the Policy Directorate of the Centre for Management and Policy Studies to form a new Strategy Unit in June 2002.
UK Anti-Drugs Co-ordination Unit	July 1998	Transferred from Privy Council to the Cabinet Office in 1998.	'The UK Anti-Drugs Co-ordination Unit supports and brings together the Government Departments and other groups involved in tackling drug misuse. It also monitors work at national and local level implementing the Anti-Drugs Co-ordinator's First Annual Report and National Plan, and reports back to Ministers on progress on the strategy' (Cabinet Office, 2000b).	
Centre for Management and Policy Studies	June 1999	Previously the Civil Service College. Now located within the Cabinet Office.	'Working with partners throughout the Civil Service, the wider public sector, the private sector and academia, the CMPS aims to: <ul style="list-style-type: none"> • ensure that the Civil Service is cultivating the right skills, culture and approaches to perform its tasks • ensure that policy makers across government have access to the best research, evidence and international experience • help government to learn better from existing policies.'⁴ 	Became National School of Government in 2005.
Office of the e-Envoy	September 1999	Cabinet Office.	'The primary focus of the Office of the e-Envoy is to improve the delivery of public services and achieve long term cost savings by joining-up online government services around the needs of customers. The e-Envoy is responsible for ensuring that all government services are available electronically by 2005 with key services achieving high levels of use.' ⁵	
Rough Sleepers Unit	April 1999	Department of the Environment, Transport and the Regions. Transferred to the Office of the Deputy Prime Minister in 2001.	'The Rough Sleepers Unit was set up by the Government in 1999 with the aim of reducing the number of people sleeping rough in England by two thirds by April 2002' (Office of the Deputy Prime Minister, 2002b, p. 4).	Ceased to operate April 2002.

⁴ <http://archive.cabinetoffice.gov.uk/roleofcentre/cabinetoffice.htm#cmeps>, last accessed 21 July 2006.

⁵ <http://archive.cabinetoffice.gov.uk/e-envoy/index-content.htm>, last accessed 11 April 2006.

Regional Co-ordination Unit	April 2000	Initially within Department of the Environment, Transport and the Regions. Transferred to the Office of the Deputy Prime Minister in May 2002.	<p>‘The main functions of the Unit are to:</p> <ul style="list-style-type: none"> • co-ordinate the delivery of central Government’s initiatives in the regions including local those affecting local areas • secure more integrated initiatives on the ground • promote the use of Government Offices by Whitehall departments • encourage better working between the Government Offices and other regional and local partners • act as a corporate headquarters for Government Offices.’⁶ 	Created in response to the Performance and Innovation Unit report <i>Reaching Out</i> (2000b).
Office of Public Service Reform	June 2001	Cabinet Office, but reports to the Prime Minister.	‘Its role will be to advise the Prime Minister on how the Government's commitment to radical reform of the Civil Service and public services can be taken forward. It will cover the full range of public services, including those provided by central and local government, as well as other public bodies. Working closely with the Civil Service Corporate management team and the E envoy, it will fundamentally examine current structures, systems, incentives and skills, and the nature of services currently provided.’ ⁷	Closed down in January 2006
Office of the Deputy Prime Minister	June 2001	Cabinet Office. Became a separate department in May 2002.	‘The job of the Office of the Deputy Prime Minister is to help create sustainable communities, working with other Government departments, local councils, businesses, the voluntary sector, and communities themselves.’ ⁸	Became the Department for Communities and Local Government in May 2006.
Prime Minister’s Delivery Unit	June 2001	Cabinet Office, but reports to the Prime Minister. Transferred to the Treasury in January 2003.	<p>‘The Unit's role will be to ensure that the Government achieves its main objectives in the four key areas of public service which were at the heart of the Queen's speech: health, education, crime reduction and transport. In doing so it will work closely with the Treasury to ensure that the targets that have already been agreed are achieved.’⁹</p> <p>‘In July 2002, it was announced that the Delivery Unit would widen its remit to include priorities in some of the other main domestic service</p>	

⁶ <http://archive.cabinetoffice.gov.uk/roleofcentre/cabinetoffice.htm#rcu>, last accessed 21 July 2006.

⁷ <http://www.number10.gov.uk/output/Page2697.asp>, last accessed 20 October 2005.

⁸ <http://www.odpm.gov.uk/index.asp?id=1122597>, last accessed 11 April 2006.

⁹ <http://www.number10.gov.uk/output/Page2697.asp>, last accessed 20 October 2005.

			<p>delivery departments beyond the four that were prior focus of its work.</p> <p>This is reflected in the mission statement on the Prime Minister's Delivery Unit's website 'The Prime Minister's Delivery Unit aims to help Government to deliver better and more efficient public services... The Delivery Unit works in partnership with the Treasury, No.10, other parts of the Cabinet Office and stakeholder departments, to assess delivery and provide performance management for key delivery areas, and had a shared responsibility with the Treasury for the joint PSA target:</p> <p>"Improve public services by working with departments to help them meet their PSA targets consistently with fiscal rules."'¹⁰</p>	
Prime Minister's Forward Strategy Unit	June 2001	Number 10.	<p>'Geoff Mulgan has been appointed to lead the Forward Strategy Unit which will do blue skies policy thinking for the Prime Minister and undertake strategy projects at request. It will be made up of a small number of experienced figures, drawn mainly from outside the Civil Service. Mr Mulgan will remain head of the Performance and Innovation Unit in the Cabinet Office, with which the new Unit will work closely.'¹¹</p>	Merged with the Performance and Innovation Unit and the Policy Directorate of the Centre for Management and Policy Studies to form a new Strategy Unit in June 2002.
Strategy Unit	June 2002	Cabinet Office, but reports to the Prime Minister.	<p>'The Strategy Unit was formed in 2002 to:</p> <ul style="list-style-type: none"> • improve the Government's capacity to address long term and/or cross-cutting strategic issues • promote innovation in policy development and the delivery of the Government's objectives.'¹² 	
National School of Government	June 2005	Initially within the Cabinet Office. Became a non-ministerial department in March	<p>'The National School of Government is an outward-looking organisation structured to fulfil the demands and needs of our clients. Never has the public sector been more focused on delivery - and it's our job to support our clients in achieving their organisational objectives and targets.</p>	




¹⁰ <http://www.cabinetoffice.gov.uk/pmdu/index.asp>, last accessed 11 April 2006.

¹¹ <http://www.number10.gov.uk/output/Page2697.asp>, last accessed 20 October 2005.

¹² <http://www.strategy.gov.uk/about/>, last accessed 11 April 2006.

		2006.	Sharing the public service ethos, it's here that the National School of Government is at its most valuable. ¹³	
Better Regulation Commission	January 2006	Cabinet Office.	<p>'To advise the Government on action to:</p> <ul style="list-style-type: none"> • reduce unnecessary regulatory and administrative burdens • ensure that regulation and its enforcement are proportionate, accountable, consistent, transparent and targeted.'¹⁴ 	
Office of the Third Sector	May 2006	Cabinet Office.	<p>'The Office of the Third Sector leads work across government to support a thriving third sector (voluntary and community groups, social enterprises, charities, co-operatives and mutuals), enabling the sector to campaign for change, deliver public services, promote social enterprise and strengthen communities.</p> <p>[It] incorporates the responsibilities of the Active Communities Directorate in the Home Office, and the Social Enterprise Unit in the Department for Trade and Industry. We are part of the Cabinet Office, at the centre of government in the Cabinet Office in recognition of the increasingly important role the third sector plays in both society and the economy.'¹⁵</p>	

Source (unless specified): Derived from House of Commons Library, 2005b.

-  Labour's first term, 1997-2001
-  Labour's second term, 2001-2005
-  Labour's third term, 2005-present

¹³ http://www.nationalschool.gov.uk/about_us/index.asp, last accessed 21 July 2006.

¹⁴ http://www.brc.gov.uk/about_us, last accessed 11 April 2007.

¹⁵ http://www.cabinetoffice.gov.uk/third_sector/about_us.aspx, last accessed 6 February 2008.

3.2 – 1997-2001: Joining-Up Government

3.2.1 – The underlying political imperatives

An overriding theme of Labour's first term was an emphasis on joined-up working; a desire to transcend traditional departmental boundaries in order to achieve coherent policy outcomes. The focus upon wiring-up government as an 'antidote to the pathology of departmentalism', discussed in Chapter 2, was further reinforced by the increasing salience given to the narrative of so-called 'wicked issues' (Richards and Smith, 2004, p. 107). According to this narrative, a wicked issue is one that poses a problem 'for which the solution is intractable or not easily found, perhaps because of uncertainty as to how to define the problem itself, or uncertainty or disagreement about its causes'; deeply-rooted societal problems which are 'deeply resistant to traditional departmental approaches' (Bogdanor, 2005, p. 6). Reinforced by an accumulation of evidence within the social sciences regarding the inter-connectedness of such problems, the government recognised that there were many issues that fell outside Whitehall boundaries, such as homelessness, drug prevention and criminal justice (Mulgan, 2005, p. 179). The historic failure to address these issues was perceived by the government as endemic to the institutional structures and political culture it had inherited, creating the acute concern to avoid the 'besetting sin of past governments' (evidence from Cabinet Secretary, Jack Cunningham, HC 82, 1998, para. 1). Certainly, the desire to affect cultural and social change to overcome societal problems was not confined to the Labour government: Thatcher, for example, sought to change the culture of families and enterprise through a reassertion of national pride and patriotism, and Major's 'back-to-basics' campaign intended to overcome the perceived disintegration of society through a restoration of a traditional Conservative morality based on decency, self-reliance, the family and respect for the law (Wintour and Bates, 1993). However, the approaches of both the Thatcher and Major governments were grounded in rational assumptions, as they believed that 'economic incentives would be sufficient themselves to alter deep-seated cultural attitudes.' Furthermore, the managerialist reforms instigated by Conservative governments throughout the 1980s and 1990s had served to

encourage the fragmentation of government, which was ‘inimical to a serious assault’ on the wicked issues, as Chapter 2 suggested (Bogdanor, 2005, pp. 7-11).

Against the perceived backdrop of institutional inertia and bureaucratic failure, the approach of the Labour government emphasised the holistic character of wicked issues, wherein a much more concerted, collaborative approach from all parts of government was necessary to find effective solutions (Peters, 1998, pp. 295-6). However, the machinery at the centre of government in particular appeared weak and ineffective in driving the government’s agenda across Whitehall, and in ensuring that policies were robust and holistic from an end-user’s perspective, as highlighted by Geoff Mulgan, then head of the Performance and Innovation Unit (PIU)

[T]he centre of British government, particularly Number Ten and the Cabinet Office, has in many respects lacked sufficient capacities to be strategic, to innovate... to keep track of what is happening in reality on the ground in a whole range of service areas and a huge variety of things which the government does, and that it lacks particular capacities (HC 94iii, 2001, Q. 914).

These issues found their fullest expression in the *Modernising Government* White Paper, which criticised the risk-adverse, silo structure of policy-making

Ministers are individually and collectively accountable to Parliament for the work of government. Too often, the work of Departments, their agencies and other bodies has been fragmented and the focus of scrutiny has been on their individual achievements rather than on their contribution to the Government’s overall strategic purpose. Policies too often take the form of incremental change to existing systems, rather than new ideas that take the long-term view and cut across organisational boundaries to get to the root of a problem. The cultures of Parliament, Ministers and the civil service create a situation in which the rewards for success are limited and penalties for failure can be severe. The system is too often risk-averse (Cm. 4310, 1999, p. 16).

Tackling wicked issues and promoting joined-up, responsive policy-making therefore required a move away from ‘[t]he spatially and functionally fragmented, professionally dominated, bureaucratic model, accountable vertically to a minister’ (Ling, 2002, p. 622). Although the redress of such inefficiencies within the machinery of government had been attempted before, as indicated in Chapter 2, the favourable economic circumstances in

which Labour found itself in 1997, and the extent of top-level commitment attached to achieving JUG, greatly enhanced the likelihood of success. The Prime Minister was particularly vital in ensuring the focus upon joint working, his ‘personal imprimatur’ being a major resource forging holistic government within a ‘Whitehall village dominated by departments’ (Taylor, 2000, p. 56). Accordingly, the series of reforms to ensure the strategic capacity and promote institutional and cultural change across Whitehall arguably represented the most ‘systematic and continuous approach’ to JUG instigated by any government (Bogdanor, 2005, p. 6).

3.2.2 – Implementing JUG

The government’s approach to JUG sought to strengthen the centre’s strategic capacity to push its objectives across Whitehall, whilst simultaneously developing tools and institutions to improve joint working at the operational level. In many respects, the government’s JUG agenda represented a ‘panacea, intended to reassert central strategy over a fragmented and fragmenting system’ (Richards and Smith, 2006, p. 332). Numerous institutional forms, tools and mechanisms were adopted to promote both vertical and horizontal co-ordination, wherein flexibility and responsiveness were key, and ‘[r]ather than taking shape in a single blueprint there was a deliberate decision to experiment with a range of different forms, so that these could be allowed to evolve’ (Mulgan, 2005, p. 182). For Blair, the focus on JUG was a mechanism for increasing central control, as it ensured that strategies developed by the core executive were not undermined by conflicting departmental goals (Richards and Smith, 2004, p. 111). In a written answer to Parliament in 1998, the Prime Minister reasserted the centre’s role in providing leadership and guidance

Since the election, the three principal parts of the centre – my own office, the Cabinet Office and the Treasury – have worked closely and effectively together, and with other Departments, to take forward the Government’s comprehensive and ambitious policy agenda (HC Deb col. 132, 28 July 1998).

Numerous reforms were instigated in all parts of the core executive to improve its strategic steer on policy-making and implementation. The Prime Minister sought to strengthen the resources available to Number 10 to drive strategic priorities across Whitehall, and between 1997 and June 2001, a range of significant changes was undertaken within Number 10. Firstly, there was the immediate appointment of Chief of Staff, Jonathan Powell. Whilst Thatcher had also appointed a Chief of Staff, David Wolson, the powers of Powell were more far-ranging. Unlike Wolson, Powell was a special adviser not an unpaid adviser, paid for out of public funds and obliged to act according to the rules governing the activities of special advisers (see House of Commons Library, 2005a). Furthermore, Powell had executive powers over civil servants, especially within Number 10 where direct lines of accountability flowed upwards from Press Office, Policy Unit and Private Office (HC 293, 2001, para. 62). The appointment of Powell was accompanied by a substantial increase in the number of special advisers in Number 10, with a total of 25 being appointed by December 1999, compared to the six who had been in place immediately prior to May 1997 (House of Commons Library, 2005a). There was also a significant expansion of the Policy Unit, which was renamed the Policy Directorate, whose role became less to do with policy-making and more to do with ensuring that departments were aware of the Blair agenda, and were delivering policy that was in line with the wishes of Number 10 (Richards and Smith, 2004, p. 112). Finally, an unparalleled emphasis upon communications management led to the establishment of the Strategic Communications Unit, headed by Alastair Campbell, whose role was to generate a 'coherent and unified presentation' of government policy; ensuring that all components of government were 'on-message' (Burch and Holliday, 1999, p. 34).

During this first phase of reform, the Cabinet Office was also strengthened to improve central co-ordination and joined-up policy-making, with an emphasis upon improving the corporate management of the civil service (Rhodes, 2000b). Whilst the Lord Chancellor was initially responsible for inter-departmental co-ordination, the new post of Minister for the Cabinet was created in 1998, which led Cabinet Office to become instrumental in promoting joint working, offering the strategic leadership and guidance necessary in

accordance with its overall responsibility for managing the civil service. In evidence to the Public Administration Select Committee (PASC), then Cabinet Minister, Jack Cunningham, outlined his roles and responsibilities

The point of the job is to underpin the collective nature of the Government's approach, making sure that delivery of the Prime Minister's and the Government's programme runs right across Whitehall... What we are determined not to do is to be constrained by what is known as 'departmentalitis' (HC 82, 1998, para. 1).

The Cabinet Office also sought to drive civil service reform following Sir Richard Wilson's review of its role and functions as part of the *Modernising Government* agenda, which highlighted six key areas of change

- i. stronger leadership with a clear sense of purpose;
- ii. better business planning from top to bottom;
- iii. sharper performance management;
- iv. a dramatic improvement in diversity;
- v. a Service more open to people and ideas, which brings on talent; and
- vi. a better deal for staff (Cm. 4310, 1999).

Several changes occurred within the civil service as a result of this review, including the establishment of the Centre for Management and Policy Studies (CPMS), which incorporated the existing Civil Service College, whilst introducing greater outside thinking into policy-making. Again, the reforms to the civil service reflected the shift from managerialism, emphasising the need to improve policy-making, in particular where it cross-cut departmental boundaries (Richards and Smith, 2002, p. 242). Overall, the net effect of such changes led the Cabinet Office to be perceived as 'evolving in an almost unnoticed way from being a merely co-ordinating department to becoming a lead department in government' (Bogdanor in evidence to the PASC, HC 238ii, 2000, Q. 160).

The Treasury was also significantly empowered during the initial period of reform, assuming new and significant responsibilities beyond its traditional 'ministry of finance' role. This was outlined in a speech made by Gordon Brown, stating that

a Labour Treasury would not just be a ministry of finance, but also a ministry working with other departments to deliver long-term economic and social renewal (Brown, 1999).

Indeed, the *Guide to the Centre of Government* (see below for further details) described the Treasury's role as being 'not simply concerned with controlling spending, but also with achieving value for money and using spending programmes to make the economy work better' (Cabinet Office, 2000b). One of the main tools afforded to the Treasury was the Comprehensive Spending Review (CSR) and associated PSA framework, introduced in 1998, which is the focus of detailed empirical analysis in Chapters 4-6. Through the CSR process the Treasury works with departments to define specific objectives which feed directly into the government's strategic aims, which affords the Treasury significant power and leverage vis-à-vis the individual departments as future budgetary increases will be influenced by the department's success in meeting its targets (Holliday, 2000, p. 172). Furthermore, the CSR and PSA process also gave the Treasury a significant role in the promotion of joined-up governance, through the identification cross-cutting issues which require joint working, initial areas of activity including local government finance, action on illegal drugs, the criminal justice system and provision for young children through Sure Start (Cm. 4011, 1998). The tools and approach adopted within the Treasury therefore focused on the control of hard levers, specifically 'the power of the purse', in direct contrast with the use of soft levers in the Cabinet Office, which sought to maximise 'influence, support and partnerships' (Fawcett and Rhodes, 2007, p. 94).

The government also sought to overlay the existing structure of Whitehall with new institutional machinery to complement its functions of strategic co-ordination. Reporting directly to the Prime Minister through the Cabinet Secretary, the creation of the PIU in July 1998 was explicit attempt to drive policy across Whitehall from the centre. Its creation was announced by the Prime Minister in Parliament

[A] new Performance and Innovation Unit will be set up in the Cabinet Office. It will complement the Treasury's role in monitoring Departmental programmes and will have two principal functions. First, it will focus on selected issues that cross departmental boundaries and propose policy innovations to improve the delivery of the Government objectives. Second... it will select aspects of government

policy that require review, with an emphasis on the better co-ordination and practical delivery of policy and services which involve more than one public sector body. The Unit will be a resource for policy development for the whole of Government (HC Deb c. 133, 28 July 1998).

The PIU operated on a project basis, drawing small teams from together from both within and outside the civil service to work intensively for a short period on a given topic. This approach was intended to promote best practice in innovation and joint working throughout Whitehall (HC 82, 1998, para. 24). Geoff Mulgan highlighted the PIU's position at the heart of government, and its role in 'wiring-up' the centre

I would say is that we in the PIU see ourselves as part of the centre of Government as a whole, which includes the Cabinet Office, Treasury and Number Ten. We are only effective to the extent that we wire up very well with all of those bits of the machinery. I think that broadly speaking, with projects the PIU carries on, the follow through and so on, the centre operates as a pretty integrated whole (HC 94iii, 2001, Q. 855).

The similarities between the CPRS established by the Heath government, discussed in Chapter 2, and the PIU are apparent. Similar to its predecessor, the PIU is based in the Cabinet Office, reporting directly to the Prime Minister, and exists to serve government as a whole, seeking to improve its capacity to address cross-cutting strategic issues and to promote innovative solutions to policy problems in order to deliver the government's objectives. Indeed, it has been suggested that the creation of the PIU 'demonstrates that the British political elite is aware of the loss of capacity and is attempting to counter the hollowing-out thesis and address the challenge of modern governance' (Flinders, 2002, p. 60).

One of the first tasks carried out by the PIU was an examination of the government's capacity to ensure joined-up policy-making and delivery, and the structural barriers in place. Its report, *Wiring it Up*, suggested that whilst Whitehall structures and practices have effectively delivered many of the government's key policy priorities, they had also served to inhibit the tackling of problems and issues which crossed departmental boundaries. The report highlighted a range of contributing factors

- there is a tendency to take a provider-centred perspective rather than that of the service user;
- there is little incentive or reward for organisations or individuals who contribute to corporate goals or those of another department or organisation;
- budgets and organisational structures are arranged around vertical, functional lines (education, health, defence etc) rather than horizontal, cross-cutting problems and issues (social exclusion, sustainable development etc);
- the centre is not always effective at giving clear strategic direction, and mechanisms for resolving conflicts between departments can be weak, leaving local service providers to wrestle with the consequences (PIU, 2000c, para. 1.1).

The report thus identified six inter-related areas in which to improve co-ordination in policy-making, which included stronger leadership from ministers and civil servants; improved policy formulation and implementation to take better account of cross-cutting problems and issues; better-trained civil servants, equipped with the necessary skills and capacity; flexible use of budgets; the use of audit and external scrutiny; and using the centre to lead the drive for more effective cross-cutting approaches (PIU, 2000c). Complementing the recommendations of *Wiring it Up*, the PIU also considered the relationship between central government, local government and service providers (PIU, 2000b); and the framework of analysis employed to determine policy priorities and desired outcomes (PIU, 2000a).

Unlike the earlier *Modernising Government* White Paper, *Wiring It Up* identified a particular role for the centre in promoting cross-cutting work in government, its recommended responsibilities including

- articulating corporate goals and cross-cutting objectives and securing buy-in to them from departments and deliverers;
- making sure that effective performance management and information systems are in place to allow progress towards corporate goals and cross-cutting objectives to be monitored effectively;
- identifying where important cross-cutting links are not being made, or best practice is not being spread, and challenging those shortcomings;
- sorting out conflicts of priorities where these threaten delivery of corporate goals and cross-cutting objectives;
- setting budgets, so that the resources of the organisation as a whole are devoted to the right activities to deliver corporate goals and cross-cutting

objectives; *but*

- intervening directly only as a last resort where value can be added (PIU, 2000c, p. 14).

Effective implementation of such recommendations was seen as being dependent upon clear communication between the core executive and departments, although the Report suggested that the present role and relationships between various parts of the core executive were ‘obscure to staff in departments and beyond.’ It thus concluded that the centre should ‘prepare and circulate a short guide setting out the roles of the different players at the centre, how they work together and how they relate to departments’ (PIU, 2000c, p. 55). This recommendation was fulfilled with the publication of a *Guide to the Centre of Government* (Cabinet Office, 2000b). However, despite the acknowledgement that the ‘centre will continue to evolve and there will need to be further editions of this guide in the future’, the guide was never updated and was archived on the Cabinet Office website in 2003.¹⁶

The government’s emphasis upon increased centralisation to ensure its strategic co-ordinating capacity has been complemented by the development of a range of tools and institutions to promote joined-up design and implementation across a range of specific policy areas. In its report, *Joining Up to Improve Public Services*, the National Audit Office (NAO) identified three broad forms of joint working occurring

- Realigning organisational boundaries – bringing together the whole or parts of two or more organisations to create a new organisation.
- Formal partnerships – working together by contract, protocol or framework agreement.
- Informal partnerships – working together by liaison, consultation or unwritten mutual agreement (NAO, 2001a).

Many different tools were utilised by the government in its pursuit to wire up the policy-making process. A ‘myriad’ of advisory units and taskforces were particularly favoured by the government as a means of identifying the barriers to effective policy-making and co-

¹⁶ <http://archive.cabinetoffice.gov.uk/roleofcentre/foreword.htm>, last accessed 30 January 2008.

ordinating coherent policy-making, often focusing on a specific issue or theme, and it was suggested that the Conservative ‘quango state’ had been ‘superseded by Labour’s “task-force state”’ (Painter, 1999, pp. 101-2; see also Smith, 2003, pp. 587-8). The sheer multitude of such bodies was highlighted by the PASC

Twenty-two of these bodies have now been established; and there are also 48 new advisory groups, panels or review bodies, two ‘cross-departmental policy co-ordination bodies’ which involve external representatives as well as Ministers and officials, and one ‘public-private sector co-ordination body’ (HC 327, 1998, para. 7).

Other tools adopted included joint budgets; cross-cutting PSAs; the appointment of ministers with cross-cutting portfolios, such as Yvette Cooper who was responsible for Sure Start within the Department for Education and Employment (DfEE), whilst being a Health Minister; the restructuring of some departments, such as the creation of the Department for Environment, Food and Rural Affairs (Defra) to bring together all aspects of rural policy; the creation of budgets designed to incentivise joint working, for example the Invest to Save Budget (ISB); and regular reviews of cross-cutting policy areas (Mulgan, 2005, pp. 182-4).

Several specialist units were created within the Cabinet Office to facilitate joined-up action on cross-cutting policy issues including women, drugs, social exclusion and performance and innovation (Marinetto, 2003, p. 600). The first such body was the Women’s Unit, established in June 1997. The Unit’s remit was to ‘develop policies and proposals on specific initiatives which are important to women, but by their nature are cross-cutting and unlikely to be a priority for any individual department.’ Rather than having its own legislative powers, it sought to ‘add value, from a woman’s perspective, to what the Government is already doing’ (Cabinet Office, 2000b, s. 6). Initially, the Women’s Unit was located outside the centre within the Department of Social Security with Harriet Harman, the Secretary of State for Social Security, and Joan Ruddock being given responsibility as Ministers for Women. In 1998, however, Harman and Ruddock were replaced by Baroness Jay and Tessa Jowell, and the Unit itself was transferred to the

Cabinet Office (Equal Opportunities Commission, 2001, p. 101). The Women's Unit was quickly followed by the creation of the Social Exclusion Unit (SEU) in December 1997, to lead 'innovative thinking in addressing some of society's most difficult problems.'¹⁷ The SEU was a response to the culture of departmentalism, which had confounding attempts to address the numerous wicked issues that beset local communities

[A] joined up problem has never been addressed in a joined up way. Problems have fallen through the cracks between Whitehall Departments, or between central and local government (SEU, 1998, pp. 4-5).

Its location in the Cabinet Office, reporting directly to the Prime Minister though the Cabinet Secretary, underlined the political importance attached to the SEU (Taylor, 2000, p. 59), as it sought to co-ordinate and improve government action to reduce social exclusion by

- improving understanding of the key characteristics of social exclusion; and
- promoting solutions, encouraging co-operation, disseminating best practice and, where necessary, making recommendations for changes in policies, machinery or delivering mechanisms (HC 82, 1998, para. 19).

The Unit's first phase of work focused on school exclusion and truancy, rough sleeping, and deprived neighbourhoods, reports on which were all published in 1998 (Cm. 3957; Cm. 4008; Cm. 4045). It went on to work on a wide range of other issues including teenage parenting and the fate of school leavers (Cm. 4342, 1999; Cm. 4405, 1999).

Accompanying such wide-ranging units was a series of taskforces, which were more targeted in focus, aiming to address specific issues that did not fit neatly into the departmental framework. The seemingly intractable problems caused by drug abuse, for example, were tackled through the creation of the UK Anti-Drugs Co-ordination Unit (UK-ADCU) in 1998. This was headed by Keith Hellawell, previously Chief Constable of the West Yorkshire Police, dubbed the 'drugs tsar' by the media, whose role was to 'kick-start' cross-cutting solutions to the problems created by drug abuse (Acevedo and Common,

¹⁷ <http://www.socialexclusionunit.gov.uk/page.asp?id=10>, last accessed 6 February 2006.

2004, p. 9). UK-ADCU sought co-ordination both horizontally and vertically. At a ministerial level, its work was developed and monitored by the Cabinet Sub-Committee on Drug Misuse. Key interests from the public, private and voluntary sectors were brought together in a series of groups to ensure a fully integrated approach on the ground. Drug Action Teams formed the 'critical link in the chain' between Whitehall and the local level, ensuring that 'strategy is translated into concrete action' (Cm. 3945, 1998, s. 1). Finally, the four core aims of the ten year Drugs Strategy were reinforced in a cross-cutting 'Action Against Illegal Drugs' PSA framework following the 1998 CSR (Cm. 4181, 1998, ch. 10), which was subsequently rolled over in successive Spending Reviews (SRs) (Cm. 4808, 2000, ch. 23; Cm. 5571, 2002, ch. 23; Cm. 6237, 2004, ch. 21).

Similarly, arising from a recommendation in the SEU's report on rough sleeping, the Rough Sleepers Unit (RSU) was established in 1999 to develop an integrated approach to tackling rough sleeping (Cm. 4008, 1998, paras. 5.11-13). Prior to the RSU, responsibility for dealing with rough sleepers was divided between a total of six government departments and agencies, as well as NHS trusts and LAs (Bogdanor, 2005, p. 12). Located within the Department of the Environment, Transport and the Regions (DETR), and headed by Louise Casey, former Director of Shelter, the RSU was charged with meeting a single target of 'reduc[ing] the number of people sleeping rough in England by at least two thirds from 1,850 to around 600 by April 2002', and received a £200 million allocation over three years (NAO, 2001a, pp. 4-5). Its joint working mechanisms included a dedicated central government unit with a pooled budget to co-ordinate activity; the collaboration of voluntary agencies within London to provide tailored support for individuals; and outside of London, partners to agree a strategy to tackle rough sleeping (NAO, 2001a, p. 4). Having met its target within the defined timescale, the RSU's success was directly attributed to the new ways of working it adopted, including high-level ministerial commitment; successful co-ordination across Whitehall, and amongst key stakeholders and service providers; transparent monitoring and audit arrangements; integrated service provision from the rough sleeper's perspective; and joined-up information sharing and implementation (NAO, 2001a, p. 29).

3.3 – 2001 Onwards: Ensuring Effective Delivery

3.3.1 – *The influence of Third Way ideas*

From its first term onwards, the government's emphasis on joined-up working was accompanied by a focus on effective service delivery, wherein the government has sought to break away from the centralist, top-down, command-based model of service delivery associated with past Labour governments (Mulgan, 2005b, p. 5). Drawing extensively upon the Third Way ideas that had begun to influence New Labour in opposition (see Giddens, 1994, 1998; Blair, 1996; Mandleson and Liddle, 1996), the government placed increasing emphasis upon 'what works' to deliver outcome-focused public services. This was vividly illustrated in a speech made by then Chief Secretary to the Treasury, Alan Milburn

The yardstick for success in the modern world is whether the services we fund deliver their core purpose. So our focus now, in all that we do, has to be on outcomes not on inputs. The products of our spending, not just the size of our investment or the scale of our ownership.

This new approach represents a decisive break with what has gone before. The dogma of the right - both yesterday and today - insists that the private sector should be the owner and provider of services. The old left insisted that this was all the responsibility of the state. This Government rejects both of these arguments.

In some areas the private sector is best able to provide the services. In others the public sector is in the best position... For this Government the key test is *what works*. We recognise that what the public want is better quality, more responsive services. *Their concern - like the Government's - is about outcomes not ownership* (Milburn, 1999, emphasis added).

A willingness to embrace alternative methods of service provision was perceived as a response of the failures of NPM, which often upheld an 'unhealthy dichotomy' between the public and private sectors. Instead the government intended to develop networks that facilitated co-operation between these sectors, based on responsive relationships and flexibility (Bevir and Rhodes, 2003, p. 129; see also Richards and Smith, 2002, p. 238).

However, in the government's second term, frustrations from Number 10 regarding the slow pace of reform and the continuance of many barriers to implementation prompted the narrative of delivery to come to the fore (Richards and Smith, 2004, pp. 115-6). The 'renewal' of public services was 'at the centre' of the Labour Party's 2001 Manifesto (Labour Party, 2001, p. 6), and upon being re-elected, the pace of public service reform accelerated markedly. This step-change was vividly illustrated in a speech made by the Prime Minister, outlining the guiding principles of public service reform

[O]n the basis of sustained investment, a frank appraisal of the good and the bad in our public services, and a non-ideological approach to reform... we are embarking on the most ambitious programme of change since the 1940s.

We are backing investment with reform around four key principles:

- First, high national standards and full accountability
- Second, devolution to the front-line to encourage diversity and local creativity
- Third, flexibility of employment so that staff are better able to deliver modern public services
- Fourth, the promotion of alternative providers and greater choice.

All four principles have one goal - to put the consumer first. We are making the public services user-led; not producer or bureaucracy led, allowing far greater freedom and incentives for services to develop as users want (Blair, 2001).

The Prime Minister went on to reject the *modus operandi*

The old monolithic structures won't do. We can't engineer change and improvement through bureaucratic edict (Blair, 2001).

In accordance with the influence of Third Way ideas, the government continually stressed a mix of hierarchies, networks and markets, with choices dependant upon the nature of the service in question, wherein the role of the state was to enable the delivery of services through whatever means appropriate

I see the State as effectively enabling the delivery of services. Sometimes it will provide those services direct, sometimes it will not, but the State is there to provide security and opportunity for people, particularly those who otherwise would not have the wealth to buy it... [O]ur concept of the State is not as a big

State. Our concept of the State is there to serve people, to enable and empower them through a process of change, sometimes providing services directly, but, where they can be provided more effectively outside of the State, doing it outside (Tony Blair, evidence to the Liaison Committee, HC 709i, 2005, Qs. 77-9).

Accordingly numerous changes were made which simultaneously sought to strengthen the authority of the centre over policy design and resource allocation, whilst allowing local service providers the autonomy required to deliver flexible and tailored public services within the criteria prescribed by the centre (Lee and Woodward, 2002, p. 50).

3.3.2 – Ensuring the effective delivery of public services

At the heart of government, several institutional changes took place to ensure its aims were translated into effective policy outcomes. In June 2001, for example, the Prime Minister's Delivery Unit (PMDU) was established with an overriding mission to 'ensure the delivery of the Prime Minister's top public service priority outcomes.' Reporting directly to the Prime Minister, the PMDU worked with the Treasury, Prime Minister's Office and parts of the Cabinet Office 'to assess delivery and provide performance management for key delivery areas' of crime, transport, education and a small number of other domestic issues.¹⁸ Working alongside the Treasury in particular, the PMDU 'supports departments in an analytical, problem-solving and progress-chasing capacity, to ensure that key delivery challenges are overcome', offering guidance on delivery planning and implementation (HM Treasury, 2003a, p. 8). Indeed, the relationship between the PMDU and the Treasury was formalised in 2007, when immediately upon becoming Prime Minister, Gordon Brown announced that it would in future

report jointly to the Prime Minister and to the Chancellor and will be based in the Treasury, working - as now - closely with Number Ten, Cabinet Office and HM Treasury officials, and departments, on the critical priorities and actions needed to strengthen delivery across Government, and on the reform of key public services.¹⁹

¹⁸ <http://www.cabinetoffice.gov.uk/pmdu/index.asp>, last accessed 20 January 2006.

¹⁹ <http://www.number10.gov.uk/output/Page12181.asp>, last accessed 7 February 2008.

Accompanying the PMDU was the Office of Public Service Reform (OPSR), established by the Prime Minister in 2001 to ‘strengthen the Government's ability to improve public services.’²⁰ The OPSR highlighted the reciprocal relationship between joining-up government and improving public service delivery, and the importance of actual policy outcomes, rather than the processes adopted

Public services... have to be refocused round the needs of the patients, the pupils, the passengers and the general public rather than the problems of those who provide the services. Joining up public services is key, reshaping them across traditional departmental boundaries, and targeting the delivery of the outcomes that citizens seek. Public services have to make the best possible use of new technologies such as the Internet, and to adopt the streamlined structures, flexible skills and sophisticated management systems found in the best of both the public and private sectors (OPSR, 2002, p. 8).

Finally, the Prime Minister’s Forward Strategy Unit (PMFSU) was established in 2001 to support the work of the PIU, providing ‘a complementary capacity for more private work, generally working bilaterally with departments rather than on cross-cutting issues’ (Strategy Unit, 2005, p. 5).

In 2002 the PIU and PMFSU merged to form the Strategy Unit within the Cabinet Office, which aimed to provide the Prime Minister and government departments with the capacity for longer-term thinking through cross-cutting studies and strategic policy work, its key roles including supporting ‘the development of strategies and policies in key areas of government in line with the Prime Minister’s priorities’; carrying out occasional strategic audits to identify opportunities and challenges facing the UK and UK government and developing ‘as a “Centre of Excellence” to enhance strategy across government.’²¹ Similar to the PIU, there are parallels between the Strategy Unit and CPRS in that it is

designed to be close enough to the issues, politics and personalities in government to understand the contexts and challenges, but distant enough from everyday matters and from those closely associated with existing policy to provide new thinking. It can be seen as a kind of internal consultancy or think-

²⁰ http://www.cabinetoffice.gov.uk/opsr/about_opsr/, last accessed 25 January 2006.

²¹ <http://www.strategy.gov.uk/about/>, last accessed 30 January 2006.

tank. It challenges the assumptions made by departments and employs specialist skills to analyse evidence and trends and think strategically about the direction of policy (HC 123i, 2007, p. 9).

However, with staff numbers ranging between 55 to 90 at any time since 2002, the Strategy Unit is far larger than the CPRS, which never had any more than 20 staff; indeed in January 2006 its scope was expanded further by the transfer of functions the winding-down of the OPSR (HC 123i, 2007, p. 9). The Strategy Unit has continued to focus on issues surrounding service delivery, as reflected in the remit of its publications, which includes a discussion paper on ways to foster innovation in the public sector (Strategy Unit, 2003); a strategic audit of future challenges likely to be faced in policy design (Strategy Unit, 2005b); and an evaluation of the government's public service reform programme (Strategy Unit, 2006). It has also focused on a range of specific cross-cutting problems, including waste management (Strategy Unit, 2002), crime reduction (Strategy Unit, 2004) and energy and the environment (Strategy Unit, 2007).

In the spirit of 'what works', management techniques from the private sector were also adopted, which suggests an element of continuity with the NPM agenda detailed in Chapter 2. Departments were actively encouraged to recruit staff at all levels with substantial experience of service delivery. Although many were from organisations providing public services, often being on secondment, numerous people from the private sector were brought in. The government also recognised the need for departmental officials to understand how services are delivered at the front line, in particular the work of those responsible for developing and supporting the implementation of policy. To facilitate this understanding, officials were given the opportunity to undertake regular visits to service providing organisations, for example

in the [Department for Education and Skills] some senior staff have participated in a programme of three-day 'School Immersion' visits, shadowing a headteacher, a teacher, and then a group of pupils. This has helped provide an understanding of the problems and issues being faced in schools. Also, members of the Home Office Board are each undertaking "back to the floor" visits – for example, working as an immigration officer for a shift (HC 1264, 2003, p. 6).

Such innovations were explicitly ‘driven by the new focus on delivery’, and it was envisaged that enhancing the experience and skills base of the civil service in this way would facilitate effective policy-making that is meaningful to both service providers and end-users (HC 1264, 2002, p. 6).

Accompanying such institutional reforms was major financial investment in the public sector. Whereas the approach to public expenditure in Labour’s first term had stressed the ‘importance of maintaining fiscal prudence and economic stability’ (Cm. 3978, 1998, para. 4.1), its second term saw unprecedented levels of cash being pledged to improve public services. The 2002 Budget was perceived as signalling ‘an abrupt change in direction in the government’s spending strategy’ (Flinders, 2005, p. 232). It contained a series of pledges, including ‘£100 million from the Capital Modernisation Fund for 200/03 to tackle past under-investment in schools... [and] £250 million, with an extra £110 million from the Reserve, for the Home Office to tackle street crime and associated pressures, and counter the threat of terrorism.’ Overall, public sector net investment (PSNI) was set to double to nearly £20 billion, or 1.8 percent of national income by 2003/04, in order ‘to deliver vital improvements in the nation’s infrastructure’ (HM Treasury, 2002, p. 113). Further investment was announced in the SR of July 2002, as the government pledged extra cash across the board, particularly in the priority areas of health, education and transport (Cm. 5570, 2002, pp. 6-7). Accepting the recommendations of the Wanless Review, for example, NHS spending was to increase by 7.4 percent a year, and health spending in England by 7.5 percent a year between 2002/03 and 2007/08 (Cm. 5570, 2002, pp. 65-6). Similarly, spending in education was set to rise by 6 percent, and in transport by 12 percent over the same three-year period (Cm. 5570, 2002, pp. 75). The allocation of extra resources was, however, dependent upon improved services

The Government is committed to ensuring that both existing and new spending is targeted to deliver value for money and achieve the outcomes that the public want and expect. The quality of public services depends not just on how much the Government spends but also on how effectively it spends it. New resources must be matched with reform to deliver results, in which the modernisation of public service delivery is crucial (Cm. 5570, 2002, p. 10).

Consistent with the narrative of ‘delivery’, therefore, all extra investment aimed to effect outcome-focused improvements across the public sector.

By 2004, the emphasis had shifted to improving efficiency in public spending, as reflected in the SR of 2004. Whilst current spending was to increase by an average annual of 2.5 percent, and PSNI was to rise from 2.0 percent to 2.25 percent of the GDP by 2007/08, the overall growth rate of both overall public spending and departmental spending was to be lower than in the 2002 SR, ‘reflecting the Government’s prudent approach to the public finances.’ However, such progress had been made since the 2000 SR that

[t]aken together, spending plans set in the 2000 and 2002 Spending Reviews will have increased the level of public spending by 20 percent in real terms between 2000 and 2006. New spending plans for 2006-07 and 2007-08 announced in this Spending Review will lock in public spending at these new higher levels and focus additional resources on the Government’s long-term priorities Cm. 6237, 2004, p. 5).

The 2004 SR also contained a number of planned efficiency gains, which would enable the government to deliver sustained improvements in front-line public services between 2004/05 and 2007/08 (Cm. 6237, 2004, p. 5). Informing the planned efficiency gains were the recommendations of the independent Gershon Review (2004), which was commissioned to

...consider the scope for efficiency savings across all public expenditure within Departmental Expenditure Limits... to look at specific proposals to deliver efficiencies and more general changes which could be made to the framework within which the public sector operates to improve efficiency (Gershon, 2004, p. 5).

The main recommendations of the Review included the ‘simplification of the delivery landscape... increased efficiency in regulatory and compliance regimes and strategies for assessing and implementing this... an improved and more flexible central model for policy-making... and better management information on policy, funding and regulation costs which could inform policy and operational decision-making’ (Gershon, 2004, p. 18). In response, the 2004 SR contained agreed efficiency targets for all departments; set the

administration budgets of all departments at or below 2005/06 levels, except for exceptional security measures; and announced the reduction of over 84,000 civil service posts with the relocation of a further 20,000 away from London and the South East (Cm. 6237, 2004, p. 7). Together, it was hoped that such efficiency measures would create gains of over £20 billion by 2007/08 across the public sector (Cm. 6237, 2004, p. 2).

Finally, the government also looked towards alternative methods of procurement and investment to deliver high-class public services. Third Way thinking had highlighted the role of Public-Private Partnerships (PPPs) in

giving private enterprise a larger role in activities which governments once provided for, while ensuring that the public interest remains paramount. The public sector can in turn provide resources that can help enterprise to flourish and without which joint projects may fail (Giddens, 1998, p. 125).

Thus, the idea of ‘what works’ was again evident, as the government countenanced the involvement of the private sector in the delivery of public goods, in ‘an explicit attempt to move away from the Labour Party’s traditional distrust of the private sector’ (Flinders, 2005, p. 218)

Despite private provision and markets being inappropriate for many key public services, in some cases where services are publicly funded it has been possible for the Government to utilise private sector suppliers in order to deliver real improvements. ...PPPs are a key element in the Government’s strategy for delivering high quality public services and a more competitive economy. Drawing on the best of the public and private sectors, PPPs are helping to ensure that new investment is both managed efficiently and delivering better public services, with high standards locked in for the long-term (HM Treasury, 2003d, pp. 15-6).

The use of the Private Finance Initiative (PFI), in particular, captured the government’s imagination. A creation of the previous Conservative government, the PFI was announced in 1992, with the aim of achieving closer partnerships between the public and private sectors (House of Commons Library, 2001, p. 10). Since 1997, the Labour government had continued to use PFIs as a mechanism of public service delivery, using it where appropriate

to delivery value for money, reflecting the importance of outcomes over ideological preference

The Government only uses PFI where it is appropriate and where it expects it to deliver value for money. In assessing where PFI is appropriate, the Government's approach is based on its commitment to efficiency, equity and accountability and on the Prime Minister's principles of public service reform. PFI is only used where it offers value for money, where it can meet these requirements, and where the value for money it offers is not at the cost of the terms and conditions of staff. The Government is committed to securing the best value for its investment programme by ensuring there is no inherent bias in favour of one procurement option over another (HM Treasury, 2003c, p. 6).

The number of PFI projects increased steadily in Labour's second term. By September 2001, there almost 450 PFI deals had been signed with a total capital value of £20 billion (House of Commons Library, 2001, p. 4), and by March 2006, this had nearly doubled, as a total of 749 PFI projects had been signed off by the government, with a total capital value of over £48 billion.²² As a proportion of investment in the public services, however, private sector investment through PFI remained relatively constant between 1998/99 and 2003/04, at around 10 to 13.5 percent of total investment (HM Treasury, 2003c, p. 1).

3.4 – Evaluating Labour's Reform Agenda, 1997-2007: Filling-in the Hollowing-Out?

The success of the Labour government's response to the challenges identified in Chapter 2 remains contested. There is the belief that such innovations represent a counter to fragmentation and decentralisation, 'filling-in' the hollow state and affording the government the power to steer the policy-making process, as indicated in Chapter 2 (Weller and Bakvis, 1997; Holliday, 2000; Taylor, 2000; Flinders, 2002; Bache and Bristow, 2003; Marinetto, 2003). Some have welcomed the government's focus upon improving the strategic capacity of the centre. Bogdanor, for example, suggested that a strong centre is 'essential' to the effective operation of Cabinet government, and in preventing

²² www.hm-treasury.gov.uk/media/347/71/pfi_signed_projects_list_march_2006.xls, last accessed 17 August 2006.

'disintegration' along departmental lines (HC 238ii, 2000, Q. 159). Former Downing Street adviser Roger Liddell also welcomed a stronger centre, although he called for further reform, such as the creation of a Prime Minister's Department, to 'drive forward the Government's political priorities' (House of Commons Library, 2005b, p. 82). The increasing role of the Prime Minister in driving key priorities across government has been highlighted, as Blair is considered to 'regard himself as the guardian of the government's programme.'²³ Then Permanent Secretary to the Cabinet Office, Sir Richard Wilson, suggested that increased prime ministerial activity had also enhanced the role of the Cabinet Office, as it was required to work closely with Number 10 to 'provid[e] the strategic direction, the public explanation and the ordering of business' (HC 238i, 2000, Q 47). Furthermore, the PASC praised the government's reform programme for enabling an unprecedented degree of strategic thinking, 'which is now carried out more systematically than ever before' (HC 123i, 2007, p. 13). The creation of cross-cutting bodies such as the PIU and the Strategy Unit, and tools of central management such as the bi-annual SRs, have been seen as a response to the diminution of the power of the centre, casting doubts about the extent to which the centre is unable to steer the policy-making process. The government's core is thus perceived by some as more integrated and its power more substantial than ever before, allowing the key actors to retain a tight grip over governmental activity (Holliday, 2000, p. 175; Taylor, 2000, pp. 65-6).

Against such views, it has been suggested that the multitude of bodies and measures in place to achieve co-ordination lack an overarching strategic framework in which to operate, and often appear contradictory and at odds with each other. With reference to the co-ordinating units located within the of the Cabinet Office, Prime Minister's Office and the Treasury, for example, the government has actually exacerbated some of the tensions associated with governance: an increased lack of control and co-ordination at the centre. Indeed, the unforeseen and unintended consequences have been

²³ Kavanagh and Seldon, 2000, www.ncl.ac.uk/politics/whitehall/briefing13.html last accessed 9 February 2006.

to create confusion over where power at the centre resides. Various central bodies have become locked into a struggle for ascendancy, leaving those in the traditional government departments unsure over which power centre to engage with to secure their own departmental goals. It would, at least potentially, appear that Labour may have re-created and exacerbated the problem of ineffectual central co-ordination, rather than overcoming it (Richards and Smith, 2002, p. 246).

The tensions created by the extensive number of initiatives and reforms introduced, were reflected in the Cabinet Office's Capability Review

Cumulatively, these findings reflect the need for a clear operating framework running across the complex and varied business of the Department. This has seriously weakened... its impact in delivering change through other departments, as departments are faced with a series of unprioritised, or sometimes competing, central Civil Service initiatives (Cabinet Office, 2006a, p. 22).

It has also been suggested that despite measures of central co-ordination, the delegation of functions to quasi-autonomous and non-governmental actors has meant that fragmentation and the number of potential veto points has continued to increase. Thus, there exists a 'tension between the devolutionary thrust of its public management reforms and the centralising efforts by ministers to steer increasingly complex networks' (Flinders, 2004a, p. 893). The lack of a rationale for the development and classification of such bodies, and the failure of an overarching framework of regulation to emerge, has only heightened this confusion and fragmentation (Flinders, 2004a, p. 886; Norton, 2004, pp. 785-6).

The government's attempts to reform the delivery landscape have been criticised for having contradictory aims; simultaneously attempting to strengthen the centre's ability to direct policy-making, whilst empowering local service providers with increased autonomy. The Prime Minister, for example, called for wider involvement of all sectors in the delivery of public policy

If we are to change that we need a different way for government to operate and we need different systems of delivery. The government in such cases needs to make full use of the voluntary and third sector, some of whom have greater expertise than the organs of government do (Tony Blair, quoted in Wintour, 2006a, p. 5).

Similarly, the Chancellor stated that enhanced delivery should be predicated upon 'a framework of devolution, accountability and participation', thus

empowering public servants with the freedom and flexibility to make a difference: first, to tailor services to reflect local needs and preferences; second, develop innovative approaches to service delivery and raise standards; and third to enable – as we should - a bonfire of the old input, interventionist, departmentalist controls over front line public service managers -- which is too often what they still find frustrating (HM Treasury and the Cabinet Office, 2004, p. 1).

Yet, despite the rhetoric, many measures to ensure the effective delivery of public services have been driven from the centre, strengthening its influence over domestic policy implementation (Lee and Woodward, 2002, p. 53). The creation of the PMDU, for example, is seen as typifying this contradiction (Richards and Smith, 2000, p. 118). Directly reporting to the Prime Minister, the PMDU supports departments to ensure that the government's key priorities in health, education, crime and transport are delivered. Whereas departments had largely been responsible for service delivery, the creation of the PMDU has altered the relationship between the spending departments and the centre, arguably institutionalising Number 10's predominance, as unprecedented levels of prime ministerial attention have been given to public service performance (Richards and Smith, 2000, p. 118; Hood, 2006, p. 515). Tony Wright, chair of the PASC, has described the government's approach to service delivery as 'naïve', as the centre attempts to drive change from the top down fails to appreciate that 'real and lasting change' can only be secured by the organisations on the ground with 'the capacity to make change actually *making* those changes' (Wright, 2003, p. 1, emphasis in original).

Furthermore, it has been suggested that moves to strengthen the centre have skewed relationships between the core and periphery. Kavanagh and Richards argue that the creation of units such as the PIU and PMDU have promoted prime ministerial predominance, thus it is 'legitimate to speculate that joined-up government is a code for the increasing power of Number 10 over ministers' (Kavanagh and Richards, 2001, p. 13). Similarly, Burch and Holliday suggest that whilst the British core is 'increasingly co-

ordinated and coherent, and increasingly proactive and performance-driven', adopting a 'negotiating, collaborative style designed to maximise its leverage over the rest of Whitehall', the shift towards the centre as the focus of governmental activity has substantial implications for the direction of accountability (Burch and Holliday, 2004, pp. 20-1). Elsewhere, Flinders has described the power dependency in relations between the centre and government departments, created and accepted through JUG as 'paradoxical', given the 'undoubtedly centralising thrust' of the government's many reforms (Flinders, 2002, p. 69). Finally, Smith suggests that the numerous units, taskforces, 'tsars' and PPPs created by the government remain outside traditional constitutional control, thus undermining their accountability, and the lack of codification regarding their role and remit has resulted in a 'constitutional and management quagmire' (Smith, 2003, p. 595).

A question mark hangs over the extent to which the pervading culture of Whitehall can be reconciled with holistic, consensual policy-making. The cultural barriers to joint working were scrutinised by the PIU, which suggested that attitudinal change at the centre and within departments was required for the successful implementation of cross-cutting initiatives, as '[g]ood management and good systems cannot, on their own, transform organisations and change cultures' (PIU, 2000c, pp. 5, 28). Yet, whilst there have been some reforms to the centre, the structure of the periphery has been left largely intact. The continuation of departmental structures and the notion of ministerial responsibility have hindered effective joint working, as parochialism and the notion of ministers as gatekeepers remain (Norton, 2000, pp. 106-10; Richards and Smith, 2000, p. 115). This incompatibility was highlighted by Sir Richard Mottram, then Permanent Secretary of the DETR

[E]ffective Government depends upon effective, horizontal co-ordination, absolutely, but it also depends upon accountable delivery; and, in my view, it is no surprise, therefore, that we have departmental Ministers who are individually and collectively accountable, for example, for the way that departments go about their business... The point is, you have to have horizontal co-ordination, you have to have responsibility for delivery, and most of that is vertical (HC 94v, 2001, Q. 996).

Indeed, Sir Peter Kemp intimated that the wholesale restructuring of Whitehall would be necessary for JUG to ever truly be achieved

[Y]ou have this problem of the shape of administrations which are essentially vertical. You have to have quite a lot of verticality to deal with budgets, to deal with accountability, to know who is in charge. Of course, as we know, the Government are very keen on what they call joined-up government, which is essentially a horizontal cut... The answer in my view, is that the whole structure of Whitehall and probably some of the agencies... need perhaps to be restructured rather than being tortured into this sort of apparatus. That is a long-term affair and people probably will not do it easily (HC 378, 1999, Q. 23).

The mixed fortunes of the numerous units and taskforces created in Labour's first term illustrate this tension. There have been notable successes, for example the RSU's on-target reduction of rough sleepers in England, which are indicative of 'a greater "collaborative bias"... emerging in the management and planning of public services, especially with a series of cross-cutting policy issues ranking highly on the government's agenda' (Painter, 1999, pp. 109-10). Other initiatives, however, have been less effective, foundering against a backdrop of departmentalism and vertical accountability. Whilst the Women's Unit existed to 'provide a two-way voice between women and the Government of the UK', ensuring that 'the concerns of women in the UK are fed directly into policy-making across government' (Women's Unit, 1998, p. 5), it often lacked the ministerial support necessary to successfully promote its agenda (Equal Opportunities Commission, 2001, p. 103). Its inability to affect meaningful change led the Unit to be perceived of as a 'useless bureaucracy', and it was eventually wound down in April 2001 (The Telegraph, 2001, p. 11). Similarly, despite its early successes, the SEU appeared to lose its influence after being transferred to the Office of the Deputy Prime Minister (ODPM) in 2002, as without the personal authority of the Prime Minister backing it, the impact of its recommendations across Whitehall waned, and in June 2006 it was replaced by a smaller taskforce focusing on the frontline delivery of social exclusion policies (Cabinet Office, 2006b; Wintour, 2006b, p. 18).

3.5 – Conclusion: The Challenge of Defining Government Capacity

The government's approach to the challenges of fragmentation and hollowing-out since 1997 has been based upon joining-up government and improving service delivery through strategic centralisation coupled with operational autonomy. Through the government's reform agenda there has been an explicit recognition of the fragmentation of the state, and despite the detrimental affects of NPM reforms, it is clear that the government has not sought the wholesale restructuring of public service management, evidenced through the continuance of mixed market delivery and private sector management techniques. In recognising the challenge presented by NPM and the fragmentation of the policy process, the government has sought to square the circle by recasting itself as a commissioner rather than a provider of public goods, seeking to steer policy networks within a centrally determined framework of broad policy outcomes. Rather than eviscerating state power, the challenge of governance has instead prompted the development of new mechanisms of co-ordination in order maximise state power in the changing context, challenging the presupposition of the erosion of central government's power (Bache and Flinders, 2004, pp. 96-103). However, in seeking to explore the issue of state capacity vis-à-vis the challenges of fragmentation and hollowing-out, as many questions have been raised as answered. Thus, there is uncertainty regarding the emerging role of the centre in the policy-making process and the nature of relations between the centre, departments and service providers. By focusing specifically upon the PSA framework and the role it has played in transforming the machinery of government, the following chapter and subsequent case study chapters shall seek to explore these issues in greater depth, determining the extent to which the centre has been able to ensure its strategic and operational capacity against a backdrop of complexity and fragmentation.

Chapter 4 – The Comprehensive Spending Review and Public Service Agreements

PSA targets are critical parts of the modernisation agenda because they are the way the government articulates its high-level priorities and translates them into delivery. They're also about the way in which departments are held publicly to account; the government as a whole is held publicly to account for progress in meeting its priorities. So, the PSA framework is the tool for saying what the priorities are; the government holding itself to account for delivery; and then making the delivery happen (interview with senior Treasury official, 29 June 2006).

As the previous chapter illustrated, reforming the machinery of government has been a key concern of the Labour government since 1997, which suggests an overt recognition of the perceived challenges of fragmentation and hollowing-out. The core mechanism within the government's toolkit has been the PSA regime, which has provided a rigorous framework for expenditure and policy decisions across Whitehall. In operation since 1998, the PSA regime represents an important channel of strategic governance, aiming to increase the strategic and leadership capacity of the core executive in accordance with its two broad pillars of reform, delivering joined-up public services within a national framework of priority setting and accountability. However, despite the magnitude of the regime in policy-making and implementation, it has received limited academic attention, which renders the regime's role in the policy process poorly understood. This chapter and the proceeding case study chapters will therefore provide the first major academic analysis of a hitherto neglected key aspect of the Labour government's reform agenda. To examine the success of the PSA regime as a tool of strategic leadership and operational capacity, this chapter will proceed as follows. It will firstly examine how the core executive is organised to lead on the regime, before considering the evolution of its relationship with the Whitehall spending departments. The inter-relationships between the spending departments will then be considered, with particular attention being paid to the effectiveness of shared targets as a joint working mechanism. The chapter will then consider how the framework has allowed the government to engage with actors at various intervals along the delivery chain to achieve its strategic outcomes. Finally, the

appropriateness of a target-based regime as a primary means of organising government activity will be analysed. Focusing on its operation between 1998-2007, the chapter will suggest that in theory, the PSA regime provides an important example of steering at a distance as a form of political leadership, wherein departments and quasi-autonomous agencies have great day-to-day autonomy, but the PSA targets provide the broadest aims, objectives and targets that must be achieved, highlighting obvious parallels with Jessop's notion of meta-governance (1995, 1998, 2004). However, it will also suggest that several structural constraints have impeded the effectiveness of the framework, wherein the Whitehall departmental structure has resulted in several barriers to joint working, reinforcing a 'silo mentality' amongst those operating within it, which has often been exacerbated by the political impossibility of imposing a meaningful sanctions and rewards regime. These core themes will in turn be subject to detailed scrutiny and analysis in the proceeding case studies of Chapters 5 and 6.

4.1 – Background and Principles

4.1.1 – The introduction of the CSR

Immediately upon coming to power in 1997, the Labour government commenced a wide ranging programme of reform to ensure its strategic and operational capacity, based upon the dual aims of joining-up government and improving service delivery, as illustrated in Chapter 3. Introduced during of the initial wave of reforms, the CSR process and associated PSA framework formed a core part of the government's agenda. The government's intention to conduct a zero-based review of all public expenditure was announced in Parliament by Chief Secretary to the Treasury, Alistair Darling, on 11 June 1997. Having assumed power less than six weeks prior, he stated that '[t]here is no better time for a root-and-branch reappraisal of public spending priorities than at the start of a new Government', enabling the government to adopt a long-term focus from the outset, rather than 'simply to react to crises and problems that arise year on year' (HC Deb cc. 1143-8, 11 June 1997). Published in 1998, the resultant CSR White Paper represented 'the

first time that departmental aims and objectives have been looked at in the round and it forms a coherent and comprehensive guide to the public' (Alistair Darling, Preface, HM Treasury, 1998a, p. 2). The White Paper set out the overall spending plans for each government department over the following three years, fixing Departmental Expenditure Limits, and sought to ensure effective use of resources to deliver the government's key objectives through outcome-focused targets

By ensuring that every pound of the public's money is spent efficiently and effectively public services can be enhanced for the benefit of all... New public service agreements between each department and the Treasury will include their new objectives and measurable efficiency and effectiveness targets (Cm. 4011, 1998, para. 1.15).

The Chancellor described the PSA targets as 'essentially a contract for the renewal of public services... require[ing] reform in return for investment', stating that 'reorder[ing]' departmental budgets, adhering to 'tough efficiency targets', and 'rigorously' selecting priorities would lead to wholesale renewal of the public services (HC Deb c. 188, 14 July 1998).

The CSR and PSA framework were part of the broader Economic and Fiscal Strategy, which intended realising the government's economic and political objectives. Through the strategy, the government sought to overcome the perceived negative effects of public spending round it inherited, in place since the 1960s, which was characterised by

an annual cycle of year-on-year incremental bids by departments; settlements reached by bargaining over inputs rather than analysis of outputs and efficiency; excessive departmentalism; a split between public and private provision; and a bias towards consumption today rather than investment in our future (Cm. 3978, 1998, para. 1.1).

It was thus hoped that the new regime would tackle these problems, incorporating multi-year planning; a distinction between current and capital spending; a focus on effectiveness and outputs, rather than bargaining over inputs; and the 'co-ordination and integration of services rather than departmentalism and a piecemeal approach to spending' as part of the

JUG agenda highlighted in Chapter 3 (Cm. 3978, 1998, para. 3.4). The new framework was underpinned by two strict fiscal rules, which would inform all government expenditure

- the golden rule: over the economic cycle, the Government will borrow only to invest and not to fund current spending; and
- the sustainable investment rule: net public debt as a proportion of GDP will be held over the economic cycle at a stable and prudent level (Cm. 3978, 1998, para. 3.2.1).

Furthermore, the new fiscal framework embodied a new understanding of the role of the state; ‘a shift from the state only as owner, manager and employer to the state also as facilitator and partner’ (Cm. 3978, 1998, para. 1.2). Thus, the new framework drew heavily upon the Third Way rhetoric evident across the government’s reform programme, as illustrated in the previous chapter, wherein an emphasis on the ‘synergy between public and private sectors, utilising the dynamism of markets but with the public interest in mind’ was apparent (Giddens, 1997, p. 100).

The first two years of public spending were characterised by caution and fiscal prudence, as the government committed to working within existing spending plans, whilst ‘it tackled the structural deficit it inherited and set new policy objectives and spending priorities’ (Cm. 4011, 1998, para. 1.7). The review of public expenditure through the CSR identified health and education as key priorities for investment, ensuring that all extra resources were allocated in these areas. This, however

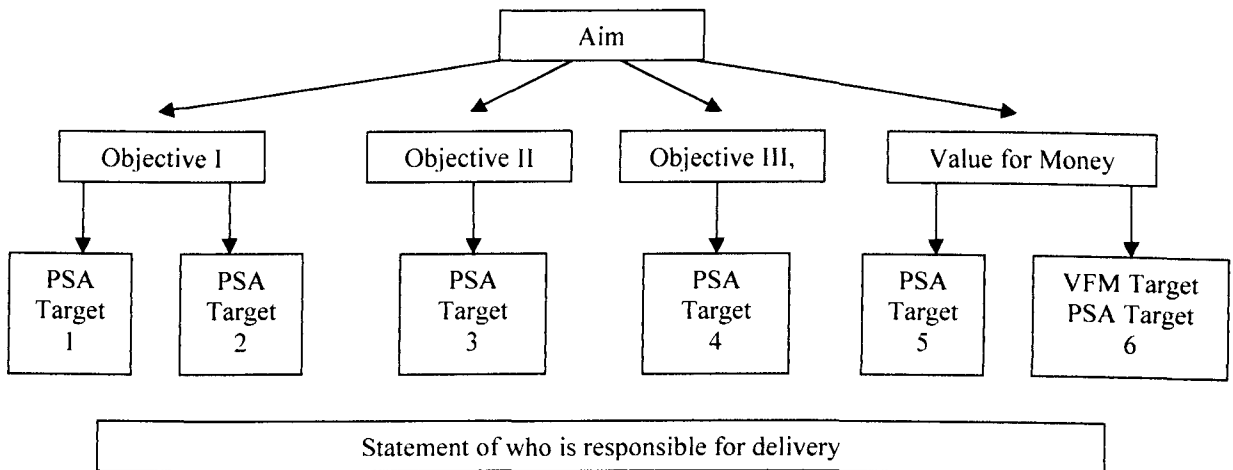
required tough choices. It has required a clampdown on extra spending outside health and education for the first two years. Even now some departments are not getting nearly as much money as they would like (Tony Blair in Cm. 4011, 1998, foreword).

Targeting additional resources in these two areas meant that expenditure was set to increase significantly between 1999-2002, as investment in education was to rise by an additional £19 billion, or more than 5 percent a year in real terms; and the NHS was to receive over £20 billion extra, which represented an average increase of 4.7 percent a year (Cm. 4011, 1998, paras. 1.18-9).

4.1.2 – Underpinning principles of the CSR and PSA framework

Several common principles informed the new regime. The CSR White Paper detailed government’s overarching objectives to ‘increase sustainable growth and employment; promote fairness and opportunity; and deliver efficient and modern public services’, which each departmental and cross-cutting review fed into. These macro-level goals represented the ‘starting point’ for the allocation of the majority of financial resources across government for the following three years, and the basis upon which performance targets were set, as detailed in figure 4.1 (Cm. 4181, 1998, p. 5).

Figure 4.1 – The structure of a PSA



Source: HM Treasury, 2001, p. 3.

Fixing the public expenditure envelope for a three-year period would allow departments to manage their resources more effectively and strategically than under a yearly expenditure cycle. It would enable them

to plan ahead to avoid the sort of end-year scramble for spending which characterised the previous process, and generally to accord with the wider policies we have – fiscal and economic stability (Chief Secretary to the Treasury, Andrew Smith, HC 485, 2000, Qs. 3-4).

Planning over a three-year period would also sharpen the focus upon tangible policy outcomes, something which previous governments were criticised for failing to do

Too often in the past, governments have only made commitments for what they put into public services – money, manpower and policies – not for what the public will get out in return. That is what really matters. People rightly expect modern services that work well, meet real needs, and use public money fairly and efficiently (Cm. 4181, 1998, foreword).

Spending became linked to the achievement of policy outcomes, rather than individual departmental processes and outputs, as shown by the examples in table 4.1. PSA targets were therefore explicitly concerned with measuring progress in terms of outcomes

The targets published in this White Paper are therefore of a new kind. As far as possible, they are expressed either in terms of the end results that taxpayers' money is intended to deliver – for example, improvements in health and educational achievement and reductions in crime – or service standards – for example, smaller class sizes, reduced waiting lists, swifter justice (Cm. 4181, 1998, p. 1).

The procedural aspects of the framework reflected these principles. PSA targets, intended to realise the aims and objectives derived from the CSR, were to be 'SMART' targets – specific, measurable, achievable, relevant and timed, and were accompanied by a statement of the Secretary of State ultimately responsible for delivering those targets (Cm. 4181, 1998, p. 5).

Table 4.1 – The emphasis upon policy outcomes to fulfil the government’s strategic objectives

Department	Objective	PSA Target
Department of Health	To reduce the incidence of avoidable illness, disease and injury in the population.	Reduce premature deaths and avoidable illness, disease and injury, and reduce inequalities in health
Department of the Environment, Transport and the Regions	To offer everyone the opportunity of a decent home and so promote social cohesion, well-being and self-dependence;	Work with the SEU and other departments to reduce the number of people sleeping rough by two thirds from the current level by 2002
Home Office	Helping to build, under a modernised constitution, a fair and prosperous society, in which everyone has a stake, and in which the rights and responsibilities of individuals, families and communities are properly balanced	To build a modernised constitution, and promote fairness and opportunity: (i) by promoting race equality and developing new indicators to measure improvement; (ii) by setting targets by June 1999 to increase the number of people from ethnic minorities in the Home Office and its services; (iii) by increasing the quantity and quality of people’s involvement in their community and ensuring fulfilment of the vision of the Giving Age.

Source: Cm. 4181, 1998.

Through multi-year planning and focusing on outcomes, the CSR intended to promote greater co-ordination across the government, as all elements were brought together under a set of common objectives. Accordingly, whilst PSAs were set for each department, each target having a minister responsible for their delivery, they were agreed and signed-off by the government as a whole (Cm. 4181, 1998, p. 2). Departments were encouraged to utilise the most appropriate means of delivering their objectives

The Government does not take a dogmatic view of how public services should be delivered. Its role is to ensure the delivery of high quality services to the taxpayer. This can be done through the public, private or voluntary sectors, or through partnerships between these sectors. *The choice of delivery mechanism will be determined by what works best* (Cm. 4011, 1998, para. 4.2, emphasis added).

In accordance with the JUG agenda detailed in Chapter 3, departments were also encouraged, where appropriate, to work together to achieve policy goals that transcended traditional Whitehall boundaries

An important conclusion from the CSR has been that dividing up responsibility for overlapping policy areas between several departments can make government intervention less effective. Giving individual departments separate responsibility for tackling one part of a multi-faceted problem is a recipe for failure (Cm. 4011, 1998, para. 4.5).

Numerous mechanisms were put in place to ensure collaboration on issues encompassing the remit of several departments. The 1998 CSR established eight cross-cutting reviews, which led to three joint PSA frameworks being established, where responsibility for the achievement of its targets was shared between a number of contributing departments, and numerous departments also shared targets in across a range of other areas where they worked closely together, as detailed in table 4.2.

Table 4.2 – Examples of joint working in the 1998 CSR

Cross-cutting reviews	Joint PSA frameworks	Shared Targets
<ul style="list-style-type: none"> ● The Criminal Justice System ● The Criminal Justice System in Northern Ireland ● Illegal Drugs ● Provision for Young Children ● Housing ● Countryside and Rural Policy ● The Local Government Finance System 	<ul style="list-style-type: none"> ● Criminal Justice System (Home Office, Lord Chancellor's Department and the Law Officers' Departments) ● Action Against Illegal Drugs (Department of Health, Department for Education and Skills, the Home Office, the Foreign and Commonwealth Office and Department for International Development) ● Sure Start (DH and Department for Education and Skills) 	<ul style="list-style-type: none"> ● Maintain the United Kingdom as the prime location in Europe for foreign direct investment (Foreign and Commonwealth Office and DTI) ● Put in place policies to allocate all proceeds of the windfall tax so that, by May 2002, 250,000 under 25 year olds move off benefit and into work (HM Treasury and DfEE)

Source: Derived from Cm. 4011, 1998; Cm. 4181, 1998.

The CSR also provided an incentive for future joint working, particularly amongst front-line service providers, by creating an ISB to 'help develop projects which bring together two or more public service bodies to deliver services in an innovative and more efficient fashion' (Cm. 4011, 1998, para. 4.7). With an initial budget of £230 million, the government anticipated that the ISB could be utilised to fund initiatives such as the electronic delivery of multiple-agency services; the co-ordinated use of resources to save overhead costs; and the creation of 'one stop shops' to allow the public to access more than

one service in a visit (Cm. 4011, para. 4.9). Indeed, by 2007 a total of £460 million had been allocated, which had funded a total of 487 partnership projects across the spectrum of public services (HM Treasury, 2007a, p. 3).

The monitoring arrangements in place to oversee progress towards the PSA targets reinforced the role of the centre as the driver of the new regime, its system of incentives and disincentives ensuring that the focus across government remained upon the centre's core objectives. The government acknowledged that progress towards targets would vary, particularly as the targets were intended to be 'stretching', but in accordance with the Economic and Fiscal Strategy, stating that targets would not be changed simply as matter of political expediency (Cm. 3978, 1998, para. 3.2.2). However, if progress were to slip beyond acceptable levels, the centre would intervene

If progress is slipping, a Cabinet Committee chaired by the Chancellor of the Exchequer will look with the relevant Minister or Ministers at ways of getting performance back on track. Should a target not be met there is no question of money being deducted from the budget for that department. Nor will additional funding over and above that already allocated be made available simply because a department is failing to meet its targets, but support and advice will be given by the committee (Cm. 4181, 1998, p. 2).

To check progress against targets, the centre would 'monitoring closely' each department's PSA framework, as departments would be required to provide regular reports to the Ministerial Committee on Public Services and Public Expenditure (PSX Committee). If a target were to become outstanding, departments would be required to 'deliver against tight timetables', and the Committee would seek to 'maintain... the pressure on departments to secure further service improvements' (Cm. 4011, 1998, para. 1.24). Individual departments were also required to make performance information publicly available by publishing their progress in annual departmental reports from 1997 onwards, which was complemented by the introduction of autumn performance reports in 2002, as well as being encouraged to make the information available on their websites.

4.2 – Relationships at the Heart of Government

4.2.1 – *The steering role of the core executive*

The success of the PSA regime as a tool of governance is predicated upon the effectiveness of political leadership, and it has sought to unify the core in order to operationalise its strategic objectives. The flexibilities granted to departments and service providers have been driven and monitored by the core executive, reflecting the pattern of increased centralisation detailed in Chapter 2. New lines of accountability have been established within Whitehall, as the centre has sought to adopt an increasingly active and interventionist role in ensuring progress against targets, engaging with departments in a ‘continuous process of scrutiny and audit’ (Cm. 4011, 1998, para. 4.11). As suggested in the previous chapter, the new spending regime has revitalised the role of HM Treasury in the domestic policy-making process, and the system has been perceived as consistent with the characterisation of ‘a “strong” Treasury that actively intervenes in public activity’ (James, 2004, p. 399). Through the CSR, the Treasury is responsible for determining Departmental Expenditure Limits, and for negotiating with departments their aims, objectives and PSA targets. The Treasury is also responsible for monitoring the performance of departments against their targets, having devised supporting guidance and a strategy for the development of the performance regime (NAO, 2001b, p. 18). It also exercises an audit function, providing quarterly reports to the PSX Committee which is chaired by the Chancellor, and making all performance information available on its website from 2003 onwards (Cm. 5571, 2002, p. 4).²⁴ Those within the Treasury have thus been keen to highlight the benefits the PSA framework has brought. Then Chief Secretary to the Treasury, Alan Milburn, suggested that the PSA framework had made the Treasury more ‘strategic’ and ‘outward looking’, against its long-held image of being ‘insular and on the defensive’ (HC 378, 1999, Q. 174). Similarly, then Chief Economic Adviser to the Treasury, Ed Balls, stated that whereas the ‘old caricatured Treasury’, was notorious for its ‘narrow objectives’ and ‘short-term crisis management... [and] secrecy and control’,

²⁴ Performance information is collated at http://www.hm-treasury.gov.uk/documents/public_spending_reporting/public_service_performance/psp_index.cfm, last accessed 4 February 2008.

today's Treasury has 'broader goals', with 'a new premium on transparency and openness' (Balls, 2002).

The Cabinet Office and Prime Minister's Office have also been involved in administering the PSA regime. Ministers and officials from both were consulted regarding the establishment of the framework, and the Prime Minister and his staff have become 'increasingly involved in the modification to the design of the system' (James, 2004, p. 399). The Cabinet Office has worked alongside the Treasury in preparing and delivering PSA targets, in accordance with its overall aim of ensuring that the government delivers its priorities. Through the Civil Service Reform programme, the Cabinet Office has also worked with departments across government to improve their capacity to deliver better services and achieve their targets (NAO, 2001b, p. 18). Other Cabinet Office initiatives integral to the PSA framework have included 'Better Quality Services', 'Electronic Government', and its attempts to reduce sickness absence (HC 378, 1999, PST 05). The Cabinet Office has also complemented the monitoring function of Treasury, by exercising a similar role over a select number of areas. The PIU suggested that both departments thus play 'an important challenge function', which 'help[s] ensure that analytical work is well planned by departments, particularly regarding cross-cutting issues' (PIU, 2000a, p. 36). Finally, the Cabinet Office has provided, with HM Treasury, the Secretariat for the PSX Committee and the Minister for the Cabinet Office sits on PSX 'as part of [their] responsibility for effective co-ordination of Government policy' (NAO, 2001b, p. 18). The reciprocal arrangements between HM Treasury and the Cabinet Office were formalised in 2003 by the creation of a shared PSA target to 'improve public services by working with departments to help them meet their PSA targets, consistently with the fiscal rules', which was rolled over in the 2004 SR (Cm. 5571, 2002, p. 36; Cm. 6238, 2004, p. 45).

Finally, the Prime Minister has played an increasing role in the delivery of the PSA framework, and has been heavily involved in determining top-level priorities and objectives. His influence in the PSA framework was institutionalised through the creation

of the PMDU and OPSR in 2001. The PMDU has sought to ‘strengthen the capacity of departments to deliver effectively on particularly challenging targets.’ The Treasury therefore works in ‘close collaboration’ with the PMDU to supporting the work of departments, and together ensure that departments have ‘effective delivery plans’ with ‘robust and clear milestones and trajectories showing how delivery will be achieved over the target period’ (Cm. 5571, 2002, p. 3). Initially, the PMDU was responsible for tracking progress in the ‘key delivery areas’ of health, education, transport and criminal justice, and whilst over time its remit has extended to cover all PSAs, these key areas remain its primary focus. Indeed, the importance attached to the PMDU in the delivery of PSA targets was evidenced by its shared ownership of the joint target between the Treasury and Cabinet regarding the improvement of public services.²⁵ Similarly, until its closure in January 2006, the OPSR also focused on the delivery of public services through the PSA framework, in particular identifying and promoting best practice across government; considering innovative techniques and models for improving delivery; and addressing pay and recruitment problems in the public sector (Cm. 5571, 2002, p. 3). The involvement of the PMDU in the delivery of PSAs has been perceived as ‘institutionalis[ing] Number Ten’s and the Treasury’s role in overseeing what traditionally has been a relatively autonomous area of departmental activity’ (Richards and Smith, 2006, p. 339).

4.2.2 – The effectiveness of the centre’s steering capability

As the previous chapter demonstrated, the government has sought to ensure its strategic capability through increased centralisation, equipping the core executive with the resources and functions necessary to demonstrate effective leadership vis-à-vis other Whitehall departments. This pattern is also evident in relation to the PSA framework, as highlighted above. Nonetheless, despite the appearance of orderly relationships, there is evidence of tension and confusion at the heart of government. Whilst its stewardship of the PSA framework afforded the Treasury a ‘dramatically expanded role’ in policy implementation, concerns have been expressed that it has been disproportionately empowered vis-à-vis the

²⁵ www.cabinetoffice.gov.uk/pmdul/index.asp, last accessed 27 September 2006.

rest of the centre (Lee and Woodward, 2002, p. 51). This was reiterated by Fawcett and Rhodes, who suggested that the Treasury set the strategic agenda and monitored progress against the attendant targets to a 'previously unprecedented extent', its access to the hard levers of expenditure control enabling it to dominate core executive politics (Fawcett and Rhodes, 2007, p. 102). Indeed, the power granted to the Treasury through the CSR process has led to the suggestion that the Treasury now is 'occupying centre stage' (HC 378, 1999, Q. 6). Evidence given to the Treasury Select Committee implied that the Economic and Fiscal Strategy, the CSR and the PSA framework had together armed the Chancellor with rule-based 'weapons', ensuring 'lots of room for manoeuvre' in the policy-making process and allowing him to 'hold things up his sleeve' in his negotiations within government (HC 73-II, 2001, Q. 155). Such evidence led the Committee to conclude that whilst it was proper that the Treasury was interested in the government's strategic direction, it was concerned that it was becoming increasingly interventionist in areas outside its remit, which was 'not necessarily in the best interests of the Treasury or the Government as a whole.' Thus, the Treasury needed to 'strike the correct balance between its legitimate interests in Government policy-making and determining significant chunks of the policies administered by other departments' (HC 73-I, 2002, paras. 16-21).

There is a concern that the increasing remit of the Treasury has led to 'a rivalry for control of domestic policy', creating factions between the Treasury, on the one hand, and Number 10 and the Cabinet Office on the other (Lee and Woodward, 2002, p. 51; see also Burch and Holliday, 2004, p. 6). Then adviser to the Cabinet Office, Lord Simon of Highbury, criticised the Treasury, Cabinet Office and Prime Minister's Office for failing to address structural problems that impinge upon increased strategic capacity

Having them operating separately is not getting a synergistic view of resource allocation coming through the single department budgetary system however good the Treasury is. This is because you are not marrying together the strategic political objectives with the flow of resource. Somewhere that has got to happen within the system... At the moment it is not formally structured in organisational terms (HC 94iv, 2001, Q. 966).

In particular, the Treasury has been charged with encroaching upon the traditional territory of the Cabinet Office, which had been responsible for efficient service delivery since the Thatcher premiership (Burch and Holliday, 2004, p. 6). Whilst there has always been an element of tension between the two regarding to the management of centrally-driven initiatives, the situation has been perceived as being exacerbated by the introduction of the PSA framework, particularly as the Treasury now negotiates policy objectives for departments, deciding through the spending process what is worthy of funding (Talbot, 2000, p. 65). Thus, an institution which has historically focused on economic and fiscal considerations is increasingly required to take on a broader remit, and there is uncertainty regarding the role the Cabinet Office will be required to play (HC 378, 1999, Q. 5). Indeed, Sir Peter Kemp warned of ‘a sidelining of the Cabinet Office combined with a Prime Minister’s office which no matter how competent, cannot match up to the weight, size and authority of the Treasury’ (Memorandum of Evidence, HC 73-II, 2001).

Contributing to the uncertainty between the Cabinet Office and Treasury is the lack of clarity in the government’s reform agenda, as discussed in Chapter 3, particularly between the CSR Regime and various initiatives contained within the following *Modernising Government* White Paper (Cm. 4130, 1999). This point of tension was highlighted in evidence given to the Treasury Select Committee

Whether by accident or design, the Treasury is remarkably absent from the White Paper, not being mentioned at all in the chapter on policy-making... and the Performance and Innovation Unit is sent well into traditional Treasury territory by being given the task of examining the ‘system of incentives and levers’, which might include pooled budgets across departments, cross-cutting performance measures and appraisal systems which reward team-working across traditional boundaries (HC 378, 1999, PST 01).

In contrast, Sir Peter Kemp, who had served as Deputy Secretary in the Treasury and Permanent Secretary in the Cabinet Office, suggested the CSR White Paper (Cm. 4181, 1998) significantly empowered the Treasury vis-à-vis the Cabinet Office, The Treasury’s departmental objectives affording it massive leverage at the heart of government

It looks as though the Treasury have taken over the driving seat in the overall driving of better public services across the board. It is interesting that one of the Treasury's objectives put quite flatly is 'improving the quality and cost-effectiveness of the public services', while the Cabinet Office's objectives contain nothing like this. The implication is that in the sense, and as far as the civil service goes, the Cabinet Office are a form of contractor or adviser to the Treasury (HC 378, 1999, PST 02).

He went on to suggest that in comparison, *Modernising Government* appeared weak and lacking in rigour

Certainly the Cabinet Office are fighting back with Cm. 4310, but while there is a lot of good stuff in this White Paper, it does tend to be aspirational rather than precise on detail, particularly, and this is rather surprising, in the area of 'joined-up government' and target-setting – areas where Cm. 4181 is better (HC 378, 1999, PST 02).

Such concerns have also been reflected in the academic literature. Talbot, for example, suggested that the 'playing field has tipped more in the direction of the Treasury as against the Cabinet Office because of the internal weaknesses of the latter', stating that attempts to improve its strategic capacity, such as the creation of the PIU and CPMS, 'seems to have created more confusion than clarity about who is responsible for policy on performance issues' (Talbot, 2000, p. 65). Similarly, the PASC stated that the Treasury should not be the 'sole custodian', of the PSA framework, calling for the Cabinet Office to 'play a central role' in the delivery of targets (HC 94, 2001, para. 41).

Tensions at the heart of government had often been perceived as the manifestation of the dynamics in the relationship between the Prime Minister and Chancellor. In some respects, this tension is an enduring feature of the British political system, as Chancellors will always rely upon prime ministerial patronage due to their 'direct constitutional role in the affairs of their department' (Thain, 2004, pp. 124-5; see also Helco and Wildavsky, 1974; Lipsey, 2000; Wright, 2005). Former Chancellor, Kenneth Clarke, highlighted the Chancellor's dependency upon the Prime Minister

For all the things the Chancellor wants to handle, particularly for public expenditure purposes, the Chancellor has to be able to rely on the Prime

Minister's support which means the Prime Minister has to know an awful lot more about what the Chancellor is doing than any other member of the Cabinet would be allowed to know (HC 73-II, 2001, Q 242).

The Treasury, however, has often proved keen to assert its political predominance, for example Lord Barnett stressed its tendency to 'interfere in everything', empowered by its ultimate control of expenditure (HC 73-II, 2001, Q. 173). Similarly, Giles Radice, former Chair of the Treasury Select Committee, highlighted the Treasury's determination to preserve its power

The Treasury has a brilliant ability to undermine any initiative taken outside its auspices, and also to win back the power if it's ever taken from it. It's almost as if it's irrespective of the policies they're pushing; it's a sort of 'will to power' (interview, 6 June 2006).

Yet tensions may have been exacerbated by the particular dynamics of the Blair-Brown relationship, which has been perceived as more significant than any other Prime Minister-Chancellor relationship. Burch and Holliday suggest that this has had a 'considerable impact on the structure and operation of the Labour government', wherein attempts at administrative change driven by 'prime ministerial whim' have been offset by the increasing power afforded to the Chancellor over domestic policy, creating a struggle for ascendancy at the heart of government (Burch and Holliday, 2004, pp. 2, 18-20; see also Lee and Woodward, 2002, pp. 50-3; Heffernan, 2003, pp. 363-6; Hindmoor, 2005; Fawcett and Rhodes, 2007). Evidence presented to the PASC, for example, suggested that the *Modernising Government* White Paper (Cm. 4130, 1999) represents an attempt by the Prime Minister to create an alternative policy system outside of the Treasury-driven PSA framework (HC 378, 1999, PST 01). Similarly, the creation of the PMDU and OPSR were described as 'an attempt by the Prime Minister to at least partly recapture some sovereignty from Gordon Brown and the Treasury over domestic policy formulation in England' (Lee and Woodward, 2002, p. 53). Indeed, Tony Wright, chair of the PASC, described the two strands of reform as a 'twin centralisation', as the Prime Minister and Chancellor have sought control over 'their own bits of government', highlighting the potential for unprecedented centralisation in the event that Brown becomes Prime Minister, retaining his power over domestic policy through the PSA regime (interview, 29 June 2006).

The Treasury's suitability as a driver of domestic policy and public service reform has been questioned. Former Director of Budget and Public Finance, John Gieve, described the PSA framework a natural extension of the Treasury's role in setting expenditure

The PSAs are a development of the normal value-for-money allocative role that we have always undertaken. What is new about them is that they are making explicit the targets and objectives in a systematic way and in a way we have not done before. We have always been engaged in the question of how people spend their money as well as how much they have (HC 73-II, 2001, Q. 5).

However, written evidence to the PASC suggested that whilst the Treasury's approach to inter-departmental relations may be suitable for negotiating budgets and allocations, they could prove 'counterproductive in achieving social outcomes', particularly where there are few expenditure implications, as is often the case for many PSA aims and objectives (HC 378, 1999, PST 03). The potential incompatibility of economic and social objectives was also highlighted by Sir Peter Kemp

The Treasury are not solely and altruistically interested in better public services, they have other aims like keeping down public expenditure, keeping down taxation, keeping down borrowing... The Treasury do not like spending money and that is one of the reasons why it is interesting that this exercise is being driven by the Treasury rather than by a Prime Minister's Office if we had one or Cabinet Office or something like that (HC 378, 1999, Q. 19).

Similarly, former Permanent Secretary to the Cabinet Office, Sir Robin Mountfield, questioned the Treasury's suitability to deliver public services, calling for 'sensible collaboration' between the Cabinet Office and the Treasury to ensure that 'the substance of policies are not subordinate[d]... to the pound notes' (HC 94vi, 2001, Q. 1086).

4.3 – Relationships Between the Centre and the Spending Departments

4.3.1 – Steering the spending departments

Despite tensions within the core executive, the PSA regime has enhanced its position vis-à-vis the spending department, ensuring the link between resource allocation and the delivery of key priorities. The steady evolution of the performance framework has strengthened this focus, as departments have increasingly been required to explicate how various aspects of their objectives will be achieved. Following the 1998 CSR, all departments were required to publish a Departmental Investment Strategy (DIS), which detailed how resources allocated through the CSR would be managed ‘to deliver the Government’s objectives, provide the best value for money and ensure positive social returns’ (Cm. 3978, 1998, para. 4.2.2). The 2000 SR saw the introduction of three further elements to the performance framework. For the first time, PSA targets were accompanied by Service Delivery Agreements (SDAs), which set out in greater detail how targets would be delivered, providing specific milestones and indicators to be achieved in the pursuit of a target. Detailed Technical Notes (TNs) sought to clarify the terms and data definitions used in PSA targets, and detailed the sources and use of performance information. Finally, the 2000 SR required all departments to include at least one target relating to improved value for money and efficiency (Cm. 4808, 2000, paras. 2.26-8). This process was formalised following the 2004 SR, as all departments were required to publish transparent Efficiency Technical Notes (ETNs) in accordance with recommendations made in the Gershon Review (Gershon, 2004, p. 32). In its ETN, departments set out the precise measures and methodologies used to assess efficiency gains, and each ETN was to be scrutinised by the NAO and Audit Commission prior to publication (Cm. 6237, 2004, p. 25). Thus, the PSA regime has evolved as a tool of governance, reflecting the overt recognition of the government of the potential challenges to its capacity, detailed in Chapters 2-3.

Whilst the rigour of the PSA framework has increased, the Treasury has been keen to emphasise the collaborative spirit of the regime. Then Chief Secretary to the Treasury, Alan Milburn, denied that PSA targets represented a top-down imposition

[T]he agreements are just that, they are agreements. They are not, if you like, imposed from the Treasury and the Cabinet Office on recalcitrant Ministers who do not like the idea of having targets set for them... [T]his is not just a Treasury invention or a Cabinet Office invention, it is an invention that is jointly shared

and jointly owned by Ministers across Whitehall as a whole (HC 378, 1999, Q. 161).

This idea was reiterated by then Chief Secretary, Paul Boateng, who highlighted the reciprocal process of negotiation between departments and the Treasury regarding target-setting, leading to ‘an understanding and agreement subsequently published in the course of the Spending Review outcome’ (HC 331-I, 2005, Q. 6). Similarly, with responsibility for managing the SR process, then head of the Public Services Directorate, Nick Macpherson, highlighted the co-operation between departments and the Treasury in monitoring progress against targets and in deciding any remedial action necessary (HC 1092-i, 2002, Q. 140). The notion of ‘a continuing dialogue with departments’ was also emphasised by a senior Treasury official, who suggested ‘over successive spending reviews, we’ve got better at having that dialogue’ (interview, 29 June 2006). One improvement cited has been the continual reduction of headline PSA targets set (table 4.3), with the intention of allowing departments to focus on key priorities (Cm. 6238, 2004, p. 7). Similarly, the abolition of SDAs in the 2004 SR, which had previously comprised over 500 subsidiary targets, represented another explicit attempt to afford departments with ‘more scope... to devolve decision-making and maximise local flexibility to deliver’ (Cm. 6238, 2004, p. 5).

Table 4.3 – Number of PSA targets set

Year	Number of targets
1999-2002	600
2001-04	160
2003-06	130
2005-08	110

Sources: Cm. 5571, 2002, p. 4; Cm. 6238, 2004, p. 7.

However, this benign interpretation of the Treasury’s relationship with the spending departments has not been unanimously accepted, and it has been claimed that the powers bestowed upon the Chancellor through the PSA framework have allowed him ‘to exert a vice-like grip on all the important issues in government’ (HC 62-II, 2002, PST 59). Sir

Peter Kemp suggested that whilst PSAs were ‘nothing new’ in the sense that the Treasury had always analysed the exchange between resources and policy outcomes, the extent to which they allowed the Treasury to intervene in departmental affairs represented a ‘substantial shift in power towards the Treasury’, equipping it with ‘potentially a very, very powerful, and undesirably powerful, weapon’ (HC 73-II, 2001, Q. 376). Elsewhere, the Treasury was charged with the ‘micro-management’ of ‘component parts of departments’, which could lead departments to suffer ‘a lack of flexibility, a lack of capacity actually to redeploy resource to best effect’ (HC 94v, 2001, Q. 1001). Such assertions led to the suggestion that the PSA framework had subjugated departments, recasting them as mere delivery agents of the Treasury

In effect they are downgrading Departmental Ministers because they are saying ‘Departmental Ministers agree with this thing’... It does alter the structure of the Department if they become... an agent delivering the requirements under the Public Service Agreements to the Treasury who are also the judge and jury on whether they deliver it (HC 238iii, 2000, Q. 229).

Similarly, the Treasury Select Committee concluded that moving increasingly into areas outside its traditional remit of macro-economic concerns has ‘inevitably caused the Treasury to step on the toes of other departments... and has given the impression that the strategic direction of the Government in many areas is being set by the Treasury’ (HC 73-I, 2001, para. 40).

Others, however, have praised the PSA system as ‘an attempt to develop a stronger corporate centre in government’ (interview with Tony Wright, 29 June 2006). Then Cabinet Secretary, Andrew Turnbull, stated that PSAs represented a contract with the government as a whole, outlining ‘what they commit themselves to deliver collectively’ through a process overseen, rather than dictated, by the Treasury (HC 73-II, 2001, Q. 12). In its inquiry into the use of targets, the Social Market Foundation argued that forging a sense of collective identity should be the central aim of any target-based performance regime

Targets give an organisation necessary focus. They align different bodies which otherwise might be reluctant to co-operate, they embody the ambitions and priorities of government, they provide a clear and transparent account by which government can be measured and they provide useful information for citizens (Social Market Foundation, 2005, pp. 25-6).

Indeed, the centre's initial top-down approach to PSA framework was perceived as crucial in developing a collective identity

When the government came to power, there was no real, proper articulation of outcomes it wanted... The architecture of performance management that we inherited was one in which there wasn't a clear articulation; it wasn't very outcome-focused. There was a need to drive improvements in areas that had been neglected and under-funded, so putting in the money went hand-in-hand with PSAs (interview with a senior Treasury official, 29 June 2006).

Similarly, Lord Simon of Highbury praised the PSA system for enhancing the management of the civil service, separating out the government's overarching strategic objectives from departmental medium-term and short-term objectives, enhancing the professionalism of government-wide administration (HC 94iv, 2001, Qs. 920, 946).

4.3.2 – Sanctions and incentives

An important factor in the success of aligning departments towards the centre's key objectives is the sanctions regime underpinning the PSA framework. However, the rhetoric surrounding the issue of incentives and sanctions appears confused. In accordance with the explicit principle of linking resources to reform and results, the Prime Minister was keen to emphasise 'that the extra investment was conditional on clear objectives, higher standards, improved productivity, and the reforms needed to deliver the modern and efficient services the public needs' (Cm. 4181, 1998, p. i). Similarly, in the 2002 SR, the Prime Minister stated that 'we will reward success and turn round failing services and organisations' (Tony Blair, quoted in Cm. 5570, 2002, p. ii). However, there have been conflicting statements regarding the punishment that would be levied upon a failing department, even from within the Treasury itself. Then Chief Secretary to the Treasury, Stephen Byers, appeared noncommittal and vague when questioned on the issue of ministerial sanctions

Each Public Service Agreement will have a named minister who is responsible for delivering and achieving those targets, they may not have to resign but they will have to explain why they haven't been able to meet their targets.²⁶

However, Andrew Smith, then Chief Secretary to the Treasury, was able to detail an extensive list of measures that could be brought against those failing to achieve their targets

[T]here are a number of procedures through which people are brought to account... as part of the spending review and, ultimately, in the judgements which are made on the allocations in this spending review. As far as individual programmes and agencies are concerned, a graduated response is appropriate... There are progressively stronger sanctions through, of course, to the removal of personnel who are not performing. At the end of the day, that applies at executive and official level, and it applies at ministerial level as well... [which] is the ultimate sanction (HC 849, 2000, Qs. 53-4).

In direct contrast, however, an official Treasury document denied the imposition of sanctions

There are no direct sanctions for ministers and departments who do not achieve their PSAs. PSA performance is reviewed regularly... and ministers are held accountable through PSX, and through public reporting mechanisms. Furthermore, previous departmental performance is taken into account when considering allocations in SRs (HM Treasury, 2003a, p. 10).

The 'considerable ambiguity' regarding sanctions and incentives has also been attributed to uncertainty about whether targets are intended to be 'stretching', rendering departments reliant upon circumstances outside their direct control; or whether they should be conceived of as a 'pledge' of minimum performance standards (James, 2004, p. 409). However, without a coherent and overt statement regarding the rewards and punishments that can be inflicted upon departments, the extent to which the strategic priorities of the centre can be realised through the PSA regime is likely to be impeded, potentially undermining the strategic capacity of the centre vis-à-vis the spending departments.

²⁶ Interview with Stephen Byers, *On the Record*, 13 December 1998. Available at http://www.bbc.co.uk/otr/intext/STEPHEN_BYERS.13.12.98.html, last accessed 5 February 2008.

There are few examples of punitive action being taken against departments unable to meet their targets. One notable example was the resignation of Education Secretary, Estelle Morris, who honoured an earlier commitment by David Blunkett to leave office if the Department's literacy and numeracy targets were not met. In evidence to the PASC, Morris stated that

I would not have felt the need to resign because the literacy and numeracy targets had not been met... The difference was I said I would resign if the targets were not met and at that point it became different (HC 62-I, 2003, Q. 949).

Indeed, the PASC suggested that the resignation of Morris was an example of 'accountability gone mad, a case of process taking over from reality' (HC 62-I, 2003, p. 25). The lack of penalty for failing departments was roundly criticised by the PASC

[I]t is far from clear that this 'contract' between the Treasury and spending departments is being enforced. If it were, we would expect to find references in the Treasury's public finance literature to allocations being withheld in cases of failure to meet targets. Similarly, we would expect successive [SRs] to highlight instances in which departments are to receive less than they would have hoped because of failures to hit specific targets in previous three years. Yet there is no sign of any such penalties being imposed. Contrary to the Chancellor's intentions as expressed in 1998, it appears that the PSA exercise has no teeth whatsoever (HC 62-II, 2003, para. 3.3-4).

Indeed, the Committee suggested that the fragmentation that has occurred as a result of the managerial reforms introduced across government had impeded the meaningful exercise of accountability

A decade and more of structural reforms in public administration has increased the complexity of what is, in effect, multi-layered government... This complex geography has a profound effect on accountability and motivation. There are therefore fundamental problems with the accountability of any target that is set centrally without proper reference to those on the front line. As long as targets are being met, the centre and local providers can happily claim ownership and credit. However, if a target is missed, this may well lead to acrimonious dispute about where blame rests (HC 62-I, 2003, p. 24).

Such criticisms reflect the challenges highlighted in Chapter 2, wherein the management reforms of the 1980s and 1990s, such as agentification and privatisation, had undermined traditional structures of accountability whilst exacerbating complexity. Indeed, it also

suggests that despite the raft of reforms outlined in Chapter 3, in which the PSA framework is intrinsic, such challenges remain, suggesting an intractability which is yet without adequate resolution.

The apparent lack of a meaningful sanctions regime was also highlighted by the Treasury Select Committee, warning that it could ‘adversely affect the behaviour of departments and reduce some of the gains expected from the PSA programme in terms of efficiency savings and improvements in quality’ (HC 378, 1999, para. 56). Accordingly, the Committee recommended that

the transparency of the PSA system be improved by the publication of a set of principles establishing the ground rules. The Government must be able to justify devoting resources to collecting the information on achievements against PSA targets by demonstrating, at the time of the next CSR, how they have used the information (HC 378, 1999, para. 61).

However, it appeared that change had not been forthcoming, as the apparent lack of teeth and transparency of the PSA framework was further illustrated in later evidence to the Committee where, despite lengthy and persistent questioning, the Chancellor avoided explicating the specific measures that could be taken against departments, and flatly refused to confirm whether any departments had been subject to sanction for failing to meet their targets, as illustrated by this exchange

(Mr Ruffley) [I]n the time since the last CSR in deciding what you are going to allocate in this Spending Review, can you name a single department that has had its funding allocation adversely affected because it has missed its PSA targets?

(Mr Brown) ...It is not true that we have failed to deal with failing institutions in these areas where they have existed but the process will continue because the demands and the standards that are being set by the Education Department are higher than they were in the last round and equally the measures they are taking to both penalise failure and to reward success are stronger. I must point out to you that we must not penalise the children because a school is failing. It is our duty, also, to provide education for everyone and the idea that we should close the school and leave no provision whatsoever for the children would be totally anathema to the whole of the population.

(Mr Tyrie) There is clearly no connection between what you began with when you said ‘Well, of course, the influence we have on it is we write the cheques’ and these targets [in the Home Office]. They are completely disconnected.

(Mr Brown) ...Are you saying your conclusion would be that we should not finance the police service? What we need to do is make sure the reforms in the police service or in the prison service or alternatively in the asylum and immigration service—and these are the reforms that the Home Secretary is proposing—are put in place to deal with problems which arise. That is exactly what is happening (HC 1092-ii, 2002, Qs. 271-329).

Certainly this highlights the Chancellor’s unwillingness to confirm any punitive action taken against departments, further evidencing a lack of a meaningful rewards and sanctions regime to drive performance. However, it also demonstrates the political imperatives that underpin service delivery, which render it politically impossible to simply reduce public service expenditure in the event of failure against targets.

4.4 – PSAs and the JUG Agenda

4.4.1 – Implementing JUG across a functionally divided departmental structure

As demonstrated in Chapter 3, JUG has been a key goal of the Labour government, with many of its initial reforms focusing on achieving co-operation and collaboration across Whitehall. Since its introduction, forging holistic government has been a core aim of the PSA framework, its importance illustrated by a steady increase in the proportion of shared targets and a corresponding decrease in departments without any joint targets (table 4.4).

Table 4.4 – Growth in joint PSA targets

PSA period	Percentage of PSA targets which are shared	Percentage of departments without joint PSA targets
2001-04	11	39
2003-06	15	21
2005-08	21	11

Source: NAO 2005a, p. 5.

However, a senior Treasury official admitted that joint working is difficult, stating that ‘the government has not really cracked that problem yet’, thus the increasing prevalence of joint targets has not necessarily translated into improved success (interview, 29 June 2006). In its investigation into joint targets, the NAO suggested their achievement ‘has not been easy, as they address difficult problems’, which are often multi-faceted and societally complex (NAO, 2005a, p. 1). Many joint PSA frameworks and targets have focused on ‘wicked issues’, bringing several departments under a shared set of goals to address problems that had fallen between the cracks in Whitehall, such as teenage conception, early years provision and illegal drugs. Undoubtedly, ‘wicked issues’ are without easy answers and attempts to solve such seemingly intractable problems will always be tough, as demonstrated Chapters 2 and 3. However, as the NAO emphasised, progress towards cross-cutting PSA frameworks and joint targets has also been beset by operational challenges including: ensuring clear political leadership; affording equal attention to joint and departmental targets; identifying relevant partners and establishing accountability; and implementing appropriate working arrangements and reporting performance (NAO, 2005a, pp. 1-6).

The strength and quality of political leadership has been identified as one of the key factors in the successful delivery of shared PSA targets

There is value in having an individual who can focus, primarily, on promoting a joint approach between partners and ensuring that such an approach is realised in the interests of achieving the joint target. This is particularly so where the working cultures of partner departments are different (NAO, 2005a, p. 27).

Similarly, the Social Market Foundation also stressed the importance of having a clearly defined lead department

It must also be clear which is the lead department. The sub-division of the target should help to clarify this. If a target is extremely important for, say, the Department of Health but less so for its partner, the Department of Education and Skills, this order priority should be reflected in the more onerous sub-target being given to the [Department of Health] than to the [Department for Education and Skills] and to the leverage given to the former over the latter. There need be no pretence that both partners are equally responsible for meeting the target (Social Market Foundation, 2005, pp. 29-30).

Yet, the Social Market Foundation's notion that one department can exercise leverage over another is somewhat flawed, as, introducing any element of hierarchy or precedence within the departmental structure would ultimately pit department against department, undermining the notion of collective ministerial responsibility. Problems in establishing effective leadership were highlighted through the example of the child obesity target, wherein the Department of Health (DH), Department for Education and Skills (DfES) and the Department for Culture, Media and Sport (DCMS) committed to 'halting the year-on-year rise in obesity among children under 11 by 2010' (Cm. 6238, 2004, p. 13). In its inquiry, the Audit Commission et al suggested that whilst the 'natural lead' for this public health issues 'rests with the DH', providing effectual leadership would prove difficult as numerous programmes feeding into the PSA target were located within the DfES and DCMS, beyond the DH's sphere of control. Thus, the inability of the DH to assume control over the necessary levers had hindered progress towards the target. The lack of co-ordination at the departmental level had impeded progress further down the delivery chain, as despite the target being in existence for over a year, organisations were still seeking guidance about their roles (Audit Commission et al, 2006, pp. 14-20). Alternative models of leadership appear to have been more effective. The success of the shared DH and DfES target to reduce the teenage conception rate, for example, was attributed to the creation of a dedicated implementation unit within the DH to oversee the wider Teenage Pregnancy Strategy and to ensure the continuing, co-ordinated focus on achieving the reduction in teenage conceptions (Teenage Pregnancy Unit, 2005, pp. 2, 16).²⁷

²⁷ The Teenage Pregnancy Unit moved to the DfES in 2003.

Problems in establishing effective leadership are further compounded by the failure of a joint target to sometimes capture all relevant departments. Often departments without formal responsibility for a target may have programmes of work which impact upon it, thus preventing any lead department from exercising control over all the relevant levers. For example, the child obesity target was criticised for its failure to formally engage the ODPM and the Department for Transport (DfT), as their programmes of work regarding neighbourhood renewal and school travel plans would have ‘significant contributions’ to make to the delivery child obesity target (Audit Commission et al, 2006, p. 28).²⁸ Similarly, the broad target to eradicate child poverty by 2020, jointly held by the Department of Work and Pensions and the Treasury (Cm. 6238, 2004, p. 36), was criticised for failing to formally involve other relevant departments such as the DfES and programmes such as Sure Start. The focus on income-based indicators of poverty was seen as precluding key stakeholders with responsibility for other aspects relating to child poverty, such as social exclusion and education. Whilst the Chancellor stressed that these stakeholders had been involved in the design of the target, their lack of formal responsibility for the target was criticised for failing to ensure fully integrated, joined-up policy-making (HC 1092-ii, 2002, Qs. 276-8). Such problems led the Audit Commission et al to recommend the systematic alignment of departmental priorities so that all relevant parties would be captured in future joint targets (Audit Commission et al, 2006, p. 28).

Although in principle all partners should attach equal importance to joint targets, this is unlikely in practice (NAO, 2005a, p. 27). For example, whilst the health of prisoners is a high priority for the CPS and the Home Office, it is likely to be significantly less important for the DH, with whom the target is jointly held. Similarly, the priority afforded to school sport by the DCMS and the DfES is likely to differ in relation to the wider aims and

²⁸ The ODPM has a specific PSA relating to neighbourhood renewal and green spaces. It commits the department to ‘Lead the delivery of cleaner, safer and greener public spaces and improvement of the quality of the built environment in deprived areas and across the country, with measurable improvement by 2008’ (Cm. 6238, 2004, p. 18). The DfT’s joint school travel plan initiative with the DfES is aimed at ‘[p]romoting safe and healthy journeys to school which in turn, can also help to reduce the use of the car and impact of the “school run”, a commitment outside the PSA framework (http://www.dft.gov.uk/stellent/groups/dft_sustravel/documents/divisionhomepage/031339.hcsp, last accessed 24 October 2006).

objectives of each department (Social Market Foundation, 2005, p. 24). Indeed, joint targets often contribute to different departmental objectives, and may sometimes be just one of a basket of performance indicators, which affect the emphasis given to the target within each department (see table 4.5). The PIU suggested that the pervading culture of Whitehall has reinforced the silo mentality, rendering departments unwilling to operate outside their formal structures

there is little or no reward – either in financial terms or in terms of enhanced status or career prospects – for helping someone else to achieve their objectives. The conventional public sector... systems are generally not good at recognising or rewarding a contribution to a team effort, especially [one] which will deliver someone else's objectives (PIU, 2000c, p. 13).

Indeed, former Secretary of State for Education, Estelle Morris, stated that

the targets that you were being held personally accountable for as a department tended to take more of your energy than those which you shared with other departmental heads. That is bad and wrong but it is human nature. At the end of the day I was going to have to stand up and defend the targets that were under the name of my own department, but under the name of several of the departments there would be a dialogue and what we know about partnership is at its worst it allows everybody to share the credit and no-one to take the blame (HC 62-x, 2003, Q. 972).

Whilst NAO disagreed that there were insufficient incentives to joint working, it did acknowledge that without sufficient political leadership, departments 'might be pressured to different directions as circumstances change' (NAO, 2005a, pp. 9-10, 18). Wider attitudinal change across Whitehall has been suggested as necessary to achieve shared targets. The PIU, for example, stated that 'cross-cutting working needs to be seen to be valued as much as traditional "vertical" departmental approaches', stating that a 'step-change in attitudes' was required (PIU, 2000c, pp. 28-9). Similarly, the NAO called for a 'shared understanding of the target and its implications' to improve the success of cross-cutting initiatives. The NAO thus suggested that jointly owned PSA targets were most useful when the 'outcome dominates partners' activities in the area of interest and represents a priority for each.' In contrast, when a department makes a key contribution as a 'by-product' of the pursuit of its own separate outcomes, it suggested that 'something

closer to a service level agreement may be a more appropriate mechanism for joint working' (NAO, 2005a, pp. 1, 12-3).

Table 4.5 – Joint targets contributing to different departmental aims: child obesity

	DfES	DH	DCMS
Objective	Safeguard children and young people, improve their life outcomes and general well-being, and break cycles of deprivation.	Improve the health of the population. By 2010 increase life expectancy at birth in England to 78.6 years for men and to 82.5 years for women.	Further enhance access to culture and sport for children and give them the opportunity to develop their talents to the full and enjoy the full benefits of participation.
Target	Halt the year-on-year rise in obesity among children under 11 by 2010 in the context of a broader strategy to tackle obesity in the population as a whole (PSA 4).	Tackle the underlying determinants of ill health and health inequalities by: <ul style="list-style-type: none"> • reducing adult smoking rates to 21% or less by 2010, with a reduction in prevalence among routine and manual groups to 26% or less; • halting the year-on-year rise in obesity among children under 11 by 2010 in the context of a broader strategy to tackle obesity in the population as a whole; and • reducing the under-18 conception rate by 50% by 2010 as part of a broader strategy to improve sexual health (PSA 3) 	Halt the year-on-year rise in obesity among children under 11 by 2010, in the context of a broader strategy to tackle obesity in the population as a whole (PSA 2).

Source: Derived from Cm. 6238, 2004, pp. 11, 13, 35.

4.4.2 – *The impact of planning and monitoring arrangements*

The planning and monitoring processes informing the PSA regime have been cited as hindering effective joint working. The NAO, for example, criticised the planning arrangements established by the Treasury, as ‘there is no requirement for joint delivery plans for joint targets – the presumption being that the relevant issue will feature in each Department’s plan.’ However, despite joint working arrangements at the design stage, the resultant delivery plans ‘often had a single department focus’, incorporating only the relevant aspects of joint endeavours identified, and even where joint plans did exist, ‘there were not always joint assessments of issues such as risk’ (NAO, 2005a, pp. 2, 22; see also NAO, 2001a, p. 12). Indeed, the failure to co-ordinate and integrate separate departmental delivery plans and other initiatives was cited as a further factor that inhibited progress against the child obesity target (Audit Commission et al, 2006a, p. 47). There have also instances where the failure to co-ordinate departmental monitoring reporting arrangements have led to inconsistency

[R]eporting of progress varied between partners: we found several instances where progress had been assessed in a different sense – one partner claiming that they were ‘on track’ while another thought there was ‘slippage.’ And in further instances partners reported in different, if not inconsistent terms (NAO, 2005a, p. 2).

The NAO suggested that the lack of consistency in reporting standards indicated that ‘departments do not always have a shared understanding of progress’, which can be attributed to the fact that ‘departments are not working jointly with common procedures to monitor and measure progress’, and as a result departments ‘disagree on, or have different interpretations of, progress’ (NAO, 2005a, p. 29). Indeed, there are numerous examples of differences in reporting against the same target. For example, whereas the DfES reported ‘slippage’ against its teenage conception target, the DH reported ‘encouraging reduction but more rapid decline required in future years’ (Cm. 6812, 2006, p. 14; Cm. 6814, 2006, p. 17). Thus, the different interpretations of the same performance information reinforces the suggestion that inter-departmental co-operation remains weak and ineffective.

Furthermore, many joint targets have failed to delineate each partner’s contribution. Evidence presented to the PASC led it to recommend that ‘reporting on shared targets should make clear the contribution that each of the responsible departments has made towards achievement of the target’ (HC 62-I, 2003, p. 26). In response, however, whilst the government acknowledged the importance of ‘clear and accurate reporting’, it stated that ‘[m]embers of the public wish to see improved public services irrespective of the architecture of Government’, therefore it did not believe ‘that this is best served by a requirement to break down each department’s individual contribution’ (HC 1264, 2003, p. 7). Thus, problems of attribution persist. The child obesity target, for example, was criticised as it was ‘impossible’ to separate out the contributions from the DH, DCMS and DfES, to determine ‘where the progress made and where credit or blame should be allocated’, such problems of attribution potentially allowing ‘the poor performance of one department [to] be hidden if the target is met thanks to the hard work of its partner’ (Social Market Foundation, 2005, pp. 24, 51). Similarly, the Audit Commission et al stated that ‘[t]here is a need for the three target-holding Departments to... establish the means by

which different programmes can be assessed to determine their contribution to meeting the target’ (Audit Commission et al 2006, p. 45).

One response to the weaknesses associated with planning and delivering joint targets has been that stronger leadership should be driven from the centre. The PIU, for example, suggested that the core executive was key to the co-ordination of joint activities, in ‘setting the right strategic framework, supporting departments and promoting cross-cutting action whilst intervening directly only as a last resort.’ Furthermore, it should lead by example; ‘to work closely together and be seen to be doing so.’ However, the PIU was doubtful of the centre’s capacity to forge holistic government, suggesting that the lack of clarity regarding the precise role of, and relations between Number 10, the Cabinet Office and the Treasury can ‘obscure to staff in departments and beyond’ (PIU, 2000c, pp. 61-5). The NAO, however, highlighted the role the centre already plays in ensuring the delivery joint targets, by supporting cross-cutting reviews, identifying opportunities for joint working and agreeing joint targets as part of the SR process. However, it did suggest a more active role for the centre in the ensuring best practice across Whitehall, specifically promoting the value of joint delivery and planning and providing support as necessary (NAO, 2005a, p. 3).

4.5 – The Local Delivery of PSA Targets

4.5.1 – The balance between centralisation and autonomy

In accordance with the government’s focus on the efficient delivery of public services highlighted in Chapter 3, the PSA framework has also sought to engage those responsible for delivering public services on the ground; ensuring joint working along a vertical axis and uniting the core and periphery around a set of shared goals. From the outset, the PSA framework sought to afford service providers with flexibility in deciding appropriate delivery mechanisms. Since the government’s second term, this aspect of the regime has

become more pronounced, with the narratives of improved service delivery and enhanced local leadership coming to the fore, exemplified by the *Strong Local Leadership White Paper* and the more recent *Local Government White Paper* (Cm. 5237, 2001; Cm. 6939-I, 2006). The Chancellor, for example, highlighted the importance of increased autonomy for service providers

We know that national targets work best when they are matched by a framework of devolution, accountability and participation – empowering public servants with the freedom and flexibility to make a difference: first, to tailor services to reflect local needs and preferences; second, develop innovative approaches to service delivery and raise standards; and third to enable... a bonfire of the old input, interventionist, departmentalist controls over front line public service managers (Brown, 2003).

Similarly, then Chief Economic Adviser to the Treasury, Ed Balls, suggested that localism was essential to responsive public services

[I]t is simply not possible either to run economic policy or deliver strong public services that meet public expectations using top-down one-size-fits all solutions of the past. Because new information technologies, greater competition, a premium on skills and innovation, a wide-ranging media, increasingly demanding consumers, and varying local needs all work to expose the contradictions of old-style centralisation and a command and control approach to delivering public services (Balls, 2002).

These ideas found their fullest expression in the 2002 SR

Effective public service delivery requires the devolution of power to service providers to encourage flexibility and creativity, particularly in meeting consumer demands and responding to local circumstances. However, discretion for public service providers must be constrained by clear long-term goals and proper accountability arrangements. The principles underpinning this ‘new localism’ aim to ensure that public service providers have the discretion to innovate and improve the services they provide, constrained by the need to reach high minimum standards (Cm. 5570, 2002, p. 10).

Indeed, in response to the recommendations of the *Devolving Decision Making* review (HM Treasury and Cabinet Office, 2004), the 2004 SR contained a series of reforms to further enhance the devolution and flexibility afforded to front-line professionals, to achieve more personalised public services (Cm. 6237, 2004, p. 27).

Thus, a devolved approach became intimately ‘coupled with national standards and accountability to ensure that an acceptable standard of services is maintained throughout the country’ (HM Treasury and Cabinet Office, 2004, p. 1). Delivery organisations would have flexibility in prescribing necessary means of achieving the government’s objectives on the ground, in accordance with a demarcation between centrally-determined policy design and locally-driven policy implementation. Enhanced freedoms and flexibilities were predicated upon the principle of ‘earned autonomy’, which meant that

[a]s local organisations meet national standards articulated in PSAs and demonstrate their capacity to sustain and improve levels of service, there is greater scope to reduce the controls they face and increase local flexibility... This approach will provide incentives for continuous improvement as an extension of the earned autonomy agenda (HM Treasury and Cabinet Office, 2004, p. 19).

The notion of earned autonomy was formalised in Local Public Service Agreement (LPSA) targets, initially piloted amongst twenty upper-tier LAs²⁹ in late 2000. These formed a ‘partnership agreement between individual local authorities and the Government, intended to accelerate or surpass key outcomes than would otherwise be the case, for people living in the authority’s area’, and brought with them a number of incentives including administrative flexibilities, pump-priming grants and performance reward grants (ODPM, 2000a, s. 1). Indeed, LPSAs became the cornerstone of the *Strong Local Leadership White Paper*, wherein the freedoms and flexibilities granted through LPSAs would operate within a framework of national standards relating to the government’s core priorities (Cm. 5237, 2001, p. 32). By 2002 LPSAs had been rolled out to over sixty upper-tier LAs, and by 2003 all but three upper-tier LAs had elected to negotiate an LPSA (Cm. 5571, 2002, p. 1; ODPM, 2003a, s. 1).

There has been much debate regarding the compatibility of autonomy and national standards, and the willingness of central government to devolve meaningful freedoms has

²⁹ Upper-tier LAs include the shire counties and unitary authorities, metropolitan districts, and London boroughs (ODPM, 2003a, s. 1).

been questioned. Whilst the Prime Minister called this a ‘false dichotomy’ (Blair, 2004), others maintain that the centrally-driven PSA regime, with its emphasis on performance indicators and targets, has strengthened central sovereignty and hierarchy, rather than enhancing local autonomy and flexibility (Boyne, 1998, pp. 46-8; Lowndes, 2002, pp. 142-4; Boyne and Law, 2005, pp. 258-60). Indeed, the outgoing Cabinet Secretary, Andrew Turnbull, highlighted the centralisation of the delivery framework

[a]ccountability has hitherto been largely upwards. Even concepts such as new localism, earned autonomy, freedoms and flexibilities, are still only variants of the upward accountability model, where the organisation at the top decides what the tier below needs to do to earn what privileges (Turnbull, 2006).

There has been an apparent unwillingness to devolve service providers meaningful freedoms. Interviews with delivery agents, for example, suggested that there is ‘scant evidence that other major spending departments have much appetite for reducing the numbers of targets that authorities are required to meet or the range of plans that they must submit to Whitehall’ (Martin, 2005, p. 540). Elsewhere, evidence from LAs showed reasonable requests for further autonomy were frequently rejected ‘with little thought and inadequate explanation by government’, suggesting that ‘fear of setting precedents, anxiety about local variation and risk aversion seemed to have discouraged officials, who found it easier to say “no”’ (Sullivan and Gillanders, 2005, pp. 565-6). Indeed, LPSAs have also been criticised for failing to enhance provider autonomy, as the centrally-driven process of ‘upwards negotiation’ only allows LAs to commit to surpassing national targets, thus questioning the extent to which LPSAs truly account for local circumstances. Furthermore, within central departments, LPSAs are often perceived as a mechanism of ensuring the government’s policy goals at the local level, rather than a means of devolving further autonomy. This indicates a failure to ensure wider cultural and attitudinal change within Whitehall, as ‘LPSAs were introduced into a set of pre-existing relationships between local and central government... informed by history, local context and the relative power and influence of different government departments’ (Sullivan and Gillanders, 2005, pp. 559-70). Indeed, the extent to which LPSAs have contributed to the effective service delivery

cannot be determined, as without any explanation or announcement, LPSAs have been phased out, the last tranche coming to an end in 2008.³⁰

PSA targets have also been criticised for being top-down in imposition, inhibiting a sense of ‘ownership’ amongst service providers and risking perverse behavior, wherein service providers may seek to resist the targets imposed upon them (Boyne, 2001, p. 83). The Treasury Select Committee warned against excessive central intervention in target setting, as ‘[f]or the system to be credible, with a sense of “ownership” by those concerned, targets need to be the subject of proper, formal consultation with those who are to provide the service’ (HC 378, 1999, para. 14). However, the government declined to provide for a process of formal consultation, stating that

given the close link between decisions on resource inputs and service outputs it would not be appropriate to commit to formal consultation on draft PSA targets at the conclusion of the spending review (HC 849, 1999, para. 4).

Various evidence presented to the PASC highlighted similar issues, for example the lack of clarity in the interaction between national and local targets led the PSA regime to be criticised as ‘a form of state planning, dressed up with localist elements but constrained from using market techniques’ (HC 62-II, 2003, PST 59). Similarly, the imposition of targets was seen as ‘a symptom of the Government’s top-down, command and control approach to many public services’, risking gaming behaviour, as service providers divert resources to simply managing their statistics, rather than making genuine improvements (HC 62-II, 2003, PST 28). Such evidence led the PASC to conclude that central departments did not have an understanding of delivery on the ground as targets were often set ‘without proper reference to those on the front line’, which, in the event of a target being missed, could lead to ‘acrimonious dispute about where blame rests.’ Again, the risk of gaming was highlighted, because ‘if impossible targets are set, then disowning responsibility for pre-ordained failure will be the first priority of the front line body which

³⁰ The CLG’s website is without any form of explanation; <http://www.communities.gov.uk/local-government/performanceframeworkpartnerships/localareaagreements/localpublicservice/>, last accessed 5 February 2008.

has been assigned such a hopeless task' (HC 62-I, 2003, p. 24). The 2004 SR committed to improving target-setting so that targets would reflect greater stakeholder consultation (Cm. 6237, 2004, p. 10). However, the extent of meaningful change following the 2004 SR is questionable, as consultation still appears 'very limited' and 'uneven', reflecting the 'excessive' top-down imposition of targets, which continues to inhibit ownership amongst those charged with their delivery (Memorandum of Evidence, HC 906-ii, 2004). Indeed, evidence from a senior Treasury official acknowledged that difficulties which hinder effective consultation still persist, as 'although these conversations have happened, they probably haven't actually informed the design of targets in the best possible way' (interview, 29 June 2006).

4.5.2 – Bureaucratic overload for service providers

It has been suggested that local service providers have been overloaded with a raft of central initiatives, and the confused and fragmented performance framework has impeded local autonomy and service delivery. The PIU, for example, suggested that there were 'too many Government initiatives, causing confusion; not enough co-ordination; and too much time spent on negotiating the system, rather than delivering.' This led to the suggestion that the government had '*inadvertently* helped to create a substantial bureaucratic burden upon local resources', the PSA framework simply being one initiative within an ever-expanding framework of central-local relations (PIU, 2000b, pp. 8, 40, emphasis in original). Furthermore the PASC heard evidence that the 160 targets emanating from the 2000 SR had actually generated over 1,300 targets for use by executive agencies and non-departmental bodies charged with public service delivery (HC 62-I, 2003, p. 27). Whilst this cascading of targets may be the rational response of managers attempting to meet targets by breaking them up into their constituent parts and passing on new targets and objectives to their staff, it does suggest the creation of a massive administrative burden upon service providers, unintended and at odds with the principle of local autonomy. The risk of overload was recognised in the 2004 Pre-Budget Report, which committed to a reduction in the aggregate number of external controls faced by LAs and service providers,

such as ring-fencing, inspection and non-PSA targets, and to the abolition of SDAs to ensure greater responsiveness and flexibility at a local level (Cm. 6042, 2004, p. 145). Similarly, the *Devolving Decision Making* review recommended that departments ‘consider how the aggregation of input, output and process targets and other controls beyond the framework of national PSAs impact on the front line, local government and regional organisations’, and that they ‘ensure incentives align for all the organisations involved to enable delivery of the shared target’ (HM Treasury and Cabinet Office, 2005, p. 18). Indeed, the *Local Government White Paper* included a commitment to ‘reduce radically’ the number of nationally-required local targets, to afford LAs ‘greater responsibility’ to ‘drive improvements in outcomes in their area’ (Cm. 6939-I, 2006, p. 114).

Against the charges of excessive centralisation and administrative overload is evidence suggesting a lack of central capacity, and the inability to control the levers necessary to delivery. The PASC suggested that a ‘lack of proper integration’ between attempts to develop front-line organisational capacity, and the simultaneous development of a centrally-driven measurement culture has created ‘tension between those charged with centralised responsibility and those who are responsible for dispersed delivery of public services’, undermining the centre’s ability to realise its strategic outcomes (HC 62-I, 2003, p. i). Indeed, a NAO investigation suggested that government departments have ‘faced considerable challenges’ in influencing service providers

82 percent of Departments rated the challenge of ensuring that there were rewards which encourage service providers to achieve or exceed targets as great or very great. 41 percent also said they faced a great or very great challenge in obtaining sufficient leverage to ensure those who deliver services treat Public Service Agreement targets as a priority. Not surprisingly, obtaining leverage was a particular challenge where services were delivered by bodies outside of central government (NAO 2001b, p. 42).

Resultantly, the NAO recommended that departments develop systems to reward organisations that perform well against targets contributing to PSAs, which would improve the leverage of departments over external service providers (NAO, 2001b, p. 45). Such problems were recognised in the *Devolving Decision Making* review

The current accountabilities of front line units, intermediate tier organisations and central departments sometimes overlap, leading to a lack of clarity over roles and misaligned incentives. At the same time, in some cases, there is a lack of transparency about the role and performance of individual organisations that can be a barrier to public engagement, reduce the pressure for contestability and weaken local incentives to improve (HM Treasury and Cabinet Office, 2004, p. 23).

Indeed, a senior Treasury official admitted that it was ‘an honest recognition’ by the government ‘that you can’t do everything from the centre’ which has underpinned the recent evolution of the PSA framework and the increased emphasis upon earned autonomy for local service providers (interview, 29 July 2006).

As with so many of the reforms necessary, ensuring effective leverage will require a fundamental reappraisal of core-periphery relations and an improved mutual understanding between the two. Indeed, this was conceded in the *Devolving Decision Making* review

For a devolved approach to public service delivery to work in practice, trust by central government in the front line’s ability to improve public services and local government and other intermediate tier organisations’ ability to hold them to account is essential... Consequently, a shift in mindset of front line units, local government, other intermediate tier organisations and central government is required... [C]entral government departments must resist the urge to intervene and control unless performance is demonstrably below agreed expectations and the intermediate tier has not been able to address the issue (HM Treasury and Cabinet Office, 2004, p. 33).

However, despite the government’s commitment to revitalising central-local relations, the scope for improvement remains. The 2004 SR, for example, highlights the continuing difficulty of ‘squar[ing] greater managerial devolution with the barrage of central initiatives’, as the incorporation of recommendations from the Lyons Review (2004) on public employment relocation, and Gershon Review (2004) on efficiency savings, are distinctly at odds with measures to ensure further freedoms and flexibilities (HC 906-ii, 2004, Q. 8). Thus, despite the ‘much greater levels of interaction between central and local government than in the past’, reforms adopted by the government may have failed to

‘fundamentally change the nature of central-local relations’ (Martin, 2005, pp. 537-8), suggesting the prevailing influence of the Whitehall paradigm.

4.6 – The Suitability of a Target-Based Regime as a Driver of Reform

4.6.1 – The risk of perverse behaviours and the focus upon the measurable

In its analysis of performance management, the NAO suggested that focusing on certain priorities through PSA targets risked areas outside the framework receiving inadequate attention, which would demotivate front-line staff not directly contributing to PSA targets, and could encourage staff to focus on achieving shorter-term PSA targets at the expense of longer-term outcomes. The NAO thus suggested that departments ‘adopt a consistent and comprehensive approach to performance measurement across the range of their responsibilities’, to prevent the neglect of non-priority areas (NAO, 2001b, p. 31). Indeed, evidence submitted to the PASC by professional bodies highlighted risk of perverse behaviour. Dr Ian Bogel of the British Medical Association stated that

In my own area where I have worked for many years the ophthalmic unit cancelled 19,500 follow-up appointments in a six-month period so that new patients could be seen to reach the target for new patients being seen (HC 1259-1, 2002, Q. 2).

Furthermore Dr Gill Moran, Chief Executive of the NHS Confederation, highlighted the perception of some targets as ‘P45 targets’

[I]f you have a lot of targets, you have a hierarchy of targets... You know some are really important because you will get sacked for those and you know others are targets which it does not really matter if you miss... That is where all your resources go. It is not that you do not want to deliver that target, but delivering the mainstream target takes priority (HC 62-iv, 2002, Qs. 431-4).

The Social Market Foundation also suggested that the lack of proportionality in reward and punishment meant that some targets assumed an inappropriate importance, with front-line providers risking drastic measures in order to achieve a target (Social Market Foundation,

2005, pp. 60-1; see also Hood 2006). The Treasury has acknowledged the risk of perverse behaviour, and has pledged to incorporate safeguards in the 2007 CSR, including greater input from public service professionals, stakeholders and users. It is thus hoped that a shift from a top-down approach towards greater inclusiveness in the target design and setting will promote the sense of 'ownership' necessary to mitigate the risk of perverse behaviour (Cm. 6889, 2006, p. 42).

As indicated above, the sheer volume of central targets has compounded the problem of perverse behaviour. Although the number of headline targets has been reduced from 600 to 110 (see table 4.3), the tendency of targets to multiply as they filter down the delivery chain suggests that the potential to overload service providers remains, risking the application of a false hierarchy. Furthermore, it is unclear whether the reduction in targets has automatically alleviated the risk of overload. Although headline targets have been reduced to 110 in the current round of PSAs, over 31 percent of targets have two or more distinct elements or individual performance indicators (derived from Cm. 6238, 2004). Indeed, a small number of targets included five or more separate indicators, for example one Department for International Development (DfID) target relating to sixteen African and nine Asian countries contained separate commitments to reduce poverty, increase primary schooling, reduce infant mortality, increase birth attended by skilled attendants, reduce pregnancy amongst women with HIV, and enhance regional partnerships (Cm. 6238, 2004, p. 29). Thus, the real number of targets is significantly higher than headline targets suggest, which potentially dilutes the focus on the government's core priorities.

It has been suggested that the integrity of the PSA regime has been compromised by the inclusion of sometimes hollow and meaningless targets, which fail to capture the core of the government's objectives. In evidence to the Treasury Select Committee, Talbot argued that inherent to any target-based regime is 'a tendency to measure what is measurable rather than what is important' (HC 378, 1999, PST 01). This was reiterated by Sir Peter Kemp, who suggested political and electoral considerations would lead to 'an inevitable

temptation to set targets that can be met, if only so that come... the next election, not too much material is handed out to the opposition' (HC 378, 1999, PST 02). Evidence presented to the PASC even intimated that 'the task of designing and setting targets has become a "displacement activity" – it gives the appearance of action without delivering any worthwhile result', citing examples from the first round of PSAs, which included a Home Office commitment to 'agreeing a target annually for the police, in consultation with the UK Anti-Drugs Co-ordinator, to ensure that action against drug suppliers is efficient and effective' (HC 62-II, 2003, PST 28). Indeed, such evidence led the PASC to question the strategic capability of PSA targets

Targets can never be substitutes for a proper and clearly expressed strategy and set of priorities, and we found that witnesses identified a significant risk that the target setting process had subverted this relationship, with targets becoming almost an end in themselves rather than providing an accurate measure of progress towards the organisation's goals and objectives. Targets can be good servants, but they are poor masters (HC 62-I, 2003, para. 33).

Although the prevalence of such targets has since declined, there are still examples in the current PSA round, including a commitment by the DfT is to develop 'better measures of inter-urban congestion' and 'better measures of urban congestion', publishing a new target for each by July 2005 (Cm. 6238, 2004, p. 15).

The emphasis on outcome-based targets intended to mitigate the risk of focusing on what is measurable, as by 'focusing on outcomes, PSA targets encourage departments and delivery agents to think creatively about the best means of delivery, taking into account local needs' (Cm. 6238, 2004, p. 4). Yet there is evidence that an outcome-based approach is not the most effective way of driving public services. Any outcome-focused approach necessarily involves a greater proliferation of the necessary information for formulating, implementing and evaluating policies (Kristensen et al, 2002, pp. 9-10). Indeed, the charge of immeasurability remains, compounded by the way in which 'broad, sometimes quite vague, outcomes' are often translated into a large package of measurable outputs to allow progress to be monitored (Social Market Foundation, 2005, p. 34). Examples from the

2005-08 round of PSAs illustrates this cascade effect (table 4.6), which risks overload and presents a further opportunity for perverse behaviour.

Table 4.6 – Illustration of the number of performance indicators flowing from outcome-focused targets

Department	PSA Target	TN Performance Indicators
Home Office	Reduce race inequalities and build community cohesion	<ul style="list-style-type: none"> • A decrease in the percentage of people from BME communities who feel that one or more of the key public services would treat them worse than people of other races, by 2007; • a decrease in BME perceptions of discrimination in the labour market by 2007; and • an increase in perceptions of community cohesion in the majority of areas where the risk of disturbance is high, by 2007.
Foreign and Commonwealth Office	To reduce the risk from international terrorism so that UK citizens can go about their business freely and with confidence	<ul style="list-style-type: none"> • Raised awareness of the scale and nature of the terrorist threat, leading to more robust action by the international community; • a clear determination of the scope for preventive action against terrorist targets overseas; effective decision-making mechanisms in place to authorise such action; and well co-ordinated capabilities for such action; • evidence that UK interventions have helped develop political will and effective counter terrorism capacities globally; • evidence that UK interventions have helped develop effective international mechanisms for countering terrorism, including for targeting terrorist financing; • reduction in the vulnerability to terrorism of UK citizens and interests overseas, including civil aviation and maritime vulnerabilities, through security enhancements by host nation, international action, and practical and credible advice; and • Foreign and Commonwealth Office contribution to the expansion of UK and international capacity to deal with the consequences of terrorist attacks overseas.

Source: Home Office, 2005, pp. 13-4; Foreign and Commonwealth Office, 2005, pp. 7-8.

Focusing on broad outcomes also obscures attribution. Outcomes can be extremely difficult to manage, as often government departments and service providers will not control all the levers necessary to bring about societal change; indeed the achievement of an outcome target ‘could be coincidental to the effects of the programme or in some cases even in spite of them’ (NAO, 2001b, p. 31). This was recognised by the Treasury et al

[P]erformance measures shouldn't concentrate solely on outcomes: there may be a delay between outputs and outcomes, or it may not be clear how much of a change in an outcome can be attributed to an organisation... It is important to understand how inputs, outputs lead to outcomes (HM Treasury et al, 2001, p. 8).

However, the continued focus on outcomes only exacerbates these risks. The Social Market Foundation criticised the emphasis on outcome targets, as delivery agents are often only able to affect processes or outputs. Citing the example of education targets, which focus on 'nebulous, conceptual outcomes such as improving "life chances"', it instead suggested that targets should be 'trained on things like entrance to higher education or literacy and numeracy skills, outputs which schools and the DfES can directly affect' (Social Market Foundation, 2005, pp. 55, 11). Indeed, problems regarding attribution worsen when targets focus on the international arena, wherein a multitude of factors will be outside the government's control (NAO, 2005a, p. 31). For example, the extent that Foreign and Commonwealth Office (FCO) controls the necessary levers to deliver its multi-faceted commitment to improve the socio-economic conditions in twenty-five countries is questionable, as is the notion that change can be directly attributed to the FCO's PSA targets (Cm. 6238, 2004, p. 15). These difficulties were acknowledged by a senior Treasury official, stating that such issues 'don't necessarily fit very well into the straightjacket of targeting', and in response, the Treasury was considering a clear differentiation between priorities and targets in the next CSR to avoid the 'risk that by default a priority becomes a target' (interview, 29 June 2006).

4.6.2 – The coherency of monitoring and reporting arrangements

A lack of common monitoring and reporting standards across departments has inhibited meaningful judgement of individual and government-wide performance (NAO, 2005a, p. 29). Despite Treasury guidance, the terminology of targets has often been opaque and without precision. Although the clarity of targets has improved over successive reviews, the latest tranche still includes commitments such as 'reassur[ing] the public, reducing the fear of crime and anti-social behaviour, and building confidence in the Criminal Justice System without compromising fairness', which fails to display any of the 'SMART'

characteristics upon which targets are supposedly based (Cm. 6238, 2004, p. 19). The introduction of TNs following the 2000 SR was intended to alleviate this problem. However, the Social Market Foundation discovered standards varied amongst TNs, and that none whatsoever detailed how ‘vague’ terms such as ‘significant decrease’ were defined, how data sources were decided upon, or how it was decided who measures should progress (Social Market Foundation, 2005, pp. 33-4; see also NAO, 2005b, pp. 13-4). Standards in reporting progress against targets has also varied across departments, a problem highlighted by the PASC, who called for the Treasury to set ‘common reporting standards so that it is clear whether a target has been judged as met, not met, partly met, or if there is insufficient data to make an assessment’ (HC 62-I, 2003, p. 39). In response, the government pledged that departments would be issued further guidance in the 2004 SR, providing a ‘proper degree of commonality’ (HC 1264, 2003, p. 7). However, departments still operate under a multitude of reporting systems, which continues to impede assessment (table 4.7).

Table 4.7 – Reporting standards used to assess 2005-08 targets

Department	Reporting Criteria
DfES	<ul style="list-style-type: none"> • Met early – Only to be used in circumstances where there is no possibility of subsequent slippage during the lifetime of the target. • Ahead – If progress is exceeding plans and expectations. • On course – Progress is in line with plans and expectations. • Slippage – Where progress is slower than expected, e.g. by reference to criteria set out in a target’s Technical Note. • Not yet assessed – For example, a new target for which data is not yet available.
DfID	<ul style="list-style-type: none"> • Green – Means we judge we are on course to meet the target/sub-target. • Amber – Means we cannot yet be confident about progress towards this target/sub-target. This may be because there is not enough evidence, because performance has not yet changed in either direction or because progress may have been made in some areas but not others. • Red – Means there has been slippage in progress against this target/sub-target. • Grey – Means that progress towards this target/sub-target cannot be assessed due to lack of data.

Sources: Cm. 6812, 2006, p. 11; Cm. 6824, 2006, p. 39.

Furthermore, performance information has not always been readily available, preventing the timely assessment of progress. The prevalence of targets that are ‘not yet assessed’ has been significant throughout successive rounds of PSA targets; for example twelve months

after the publication of the 2005-08 PSAs, around 19 percent of targets were without assessment, as were several outstanding targets from the 2003-06 PSAs.³¹ The increasing reliance upon third party organisations for producing performance information, for example, has meant that data management has not always been fully under the control of departments (NAO, 2005b, p. 5). Indeed, the focus on longer-term outcomes that fall outside the relatively short timeframe of the PSA targets can also cause data lags. Several of the 2005-08 targets without assessment focus on achieving longer-term societal change, such as the reduction of child obesity by 2010, and the halving of children in low income households by 2011 as part of the wider target to reduce child poverty by 2020 (Cm. 6812, 2006, pp. 14-5; Cm. 6829, 2006, p. 31). Without rigorous interim targets to concentrate the efforts of departments, there is the risk that progress towards long-term societal change will diminish over time. The weaknesses in departmental data systems have been acknowledged by the centre and in 2002, following Lord Sharman's recommendations (2001), the NAO assumed responsibility for the external validation of departmental data systems underlying the PSA targets, reviewing their reliability at least once during the lifetime of a target and assessing in particular whether each department has an adequate system of control to mitigate the risk of significant error in published data (NAO, 2005b, pp. 5-7). However, the continuance of numerous anomalies in departmental data systems, including different standards of data collection and measurement, suggest that a consistent approach across government has yet to be adopted.

The Treasury's continued responsibility for the validation of performance information, further compromises the integrity PSA framework. In evidence to the Treasury Select Committee, the Chancellor denied the inappropriateness of this function

I think it is important that the department which writes the cheques and provides the other departments through tax revenues with the money has a role in monitoring whether performance is improving or not (HC 1092-ii, 2002).

³¹ Derived from 2006 Departmental Reports - Cm. 6812; Cm. 6814; Cm. 6817; Cm. 6818; Cm. 6820; Cm. 6823; Cm. 6824; Cm. 6826; Cm. 6827; Cm. 6829; Cm. 6830; Cm. 6833; Cm. 6836; HC 1023; HC 1394.

Yet the potential conflict between the dual responsibilities of setting targets and monitoring progress exists. It has been suggested that the opacity of performance data, and the confused application of terms such as ‘slippage’ and ‘on course’, may enable the Treasury to ‘fudge’ unfavourable results (HC 62-II, 2003, PST 28). Similarly, the Treasury has been accused of simply dropping targets if they are not met and are politically sensitive. Whilst both of these charges are without concrete evidence, and have been vehemently denied by the Chancellor (HC 1092-ii, 2002, Qs. 270-85), they do indicate the lack of transparency in the Treasury’s use of performance data in subsequent reviews. The opacity of published data compounds such problems. Whilst all departments are required to publish performance information twice a year, the Treasury fails to produce an overall report detailing the progress of the government as a whole. The government did initially commit to producing an annual report (Cm. 4181, 1998, p. 2), later publishing the *Modernising Government Annual Report* (Cabinet Office, 2000a). However, this remained a one-off volume, and despite the PASC’s recommendation to revitalise the annual report, the government has maintained that the current reporting framework is sufficient (HC 62-I, 2003, p. 37; HC 1264, 2003, p. 8). In particular, it highlights the publication of performance data on the Treasury’s website since 2003 as enhancing the transparency of the regime. Although initially this did represent a significant improvement when departments uploaded detailed performance data quarterly, activity on the website has since tailed off, and instead of the quarterly information that was once available, the website now simply provides links to the relevant sections in the departments’ annual and autumn performance reports.³² To limit the potential conflict of interest faced by the Treasury, there have been longstanding demands for the external validation of progress against targets. The Treasury Select Committee, for example, called for the involvement of the NAO and, where appropriate, the Audit Commission to ensure the credibility of performance information and allow independent judgements to be made (HC 378, 1999, para. 51). Similarly, the PASC suggested that external validation by the NAO would represent a logical extension of its responsibility for reviewing PSA data systems (HC 62-I, 2003, paras. 68-73). Increased scrutiny by departmental select committees has also been

³² See http://www.hm-treasury.gov.uk/documents/public_spending_and_services/publicservice_performance/pss_perf_table.cfm, last accessed 18 November 2006.

proposed, and although many committees are increasingly focusing upon the PSA framework, there is no systematic, committee-wide process for reviewing process against targets (Social Market Foundation, 2005, pp. 43-4). However, there is no evidence that the Treasury is willing to countenance a revision to its role in performance management, indicating a desire to ensure the continued centralisation of the PSA regime.

4.7 – Conclusion: Strengths, Weaknesses and the Scope for Further Analysis

Overall, the PSA framework illustrates the importance of effective political leadership in steering the policy process within an increasingly fragmented delivery landscape, directly feeding into the government’s overarching fiscal framework, which recognises ‘a shift from the state only as owner, manager and employer to the state also as facilitator and partner’ (Cm. 3978, 1998, para. 1.2). Since 1998, the PSA framework has allowed the core executive to delineate its broad policy preferences and exercise strategic political leadership vis-à-vis spending departments and services providers, within a framework of operational flexibility driven and monitored by the centre. Furthermore, new lines of accountability have been established across Whitehall, as the centre has actively sought an interventionist role in ensuring progress against targets, engaging with departments in a ‘continuous process of scrutiny and audit’, whilst freeing them up to determine the detail of delivery (Cm. 4011, 1998, para. 4.11). The PSA system is therefore an important example of the state seeking to increase its strategic leadership capacity, co-ordinating the multitude of bodies involved in policy implementation and service delivery, rather directly providing services itself, in many respects challenging the hollowing-out thesis, which points to the centre’s declining administrative capacity and loss of political control, through fragmentation and diminished accountability (Rhodes, 1997). There are, however, further dilemmas posed by the emergence of governance that need to be addressed to prevent the regime’s utility being impeded. Jessop, for example, identifies a tension in governance between accountability and efficiency, highlighting problems regarding the attribution of responsibility, as ‘attempts to establish clear lines of accountability can interfere with the

efficient, co-operative pursuit of joint goals' (Jessop, 1998, p. 42). Similarly, Stoker suggests that 'the blurring of responsibilities can lead to blame avoidance or scapegoating, [and] power dependencies exacerbates the problem of unintended consequences for government' (Stoker, 1998, p. 19). The difficulties experienced in co-ordinating silo-like Whitehall departments to achieve shared policy goals, and the emergence of perverse behaviour and gaming along all intervals of the delivery chain, indicates that the PSA framework is not immune from such problems. A further dilemma identified by Jessop relates to the tension between governability (the capacity for guidance) and flexibility (the capacity to adapt to changed circumstances), who suggests that 'reducing complexity through operational rules... needs to be balanced against the recognition of complexity to mobilise the "requisite variety" of actors and resources' (Jessop, 1998, p. 41). Similarly, Flinders suggests a tension between the 'devolutionary thrust' of the government's public management reforms and the 'centralising efforts by ministers to steer increasingly complex networks', as despite measures of central co-ordination, 'the delegation of operational functions to quasi-autonomous and non-governmental actors has meant that fragmentation and the number of potential veto points has continued to increase' (Flinders, 2004, p. 893).

The proceeding case study chapters will seek to expand upon all of the issues raised in this chapter. To offer a broad perspective, both a standalone target (Defra's recycling commitment – Chapter 5) and a jointly held target (Defra, the Department for Business, Enterprise and Regulatory Reform (BERR) and the DfT's climate change commitment – Chapter 6) shall be analysed, with particular emphasis being given to the 2005-08 monitoring period, whilst employing a common framework of analysis to ensure methodological rigour. Both case studies shall commence by offering a background to the introduction of targets in each of the fields, breaking down the aims, objectives and structure of each PSA target. The international and supra-national contexts of the policy areas will then be considered, examining the government's strategic capacity in each arena, and the fit between these contexts and the government's domestic policy goals. The role of the core executive in providing domestic strategic leadership will then be analysed,

focusing on the tools of central co-ordination established to drive its policy agenda in accordance with the New Labour reform agenda detailed in Chapter 3. Attention will then turn to Defra's role in the delivery of the government's strategic objectives, as both their sole owner (recycling, Chapter 5) and lead partner (climate change mitigation, Chapter 6). In both instances, the work of Defra cannot be understood in isolation from the broader Whitehall context, and the role of both formal (in the instance of climate change mitigation) and informal partners will be analysed, considering on the mechanisms in place to ensure cross-departmental collaboration in accordance with the JUG agenda identified in Chapter 3. The focus shall then shift to the toolkit approach to service delivery adopted in both instances and the engagement with stakeholders as part of the government's overarching determination to ensure effective service delivery as detailed in Chapter 3, in particular the extent to which targets represent an effective driver of public goods. Such systematic analysis will enable the effectiveness of the PSA framework as a tool of governmental capacity to be determined, demonstrating its relationship to government's broader reform agenda delineated in Chapter 3, whilst offering a comprehensive rejoinder to both this chapter and the broader issues relating to the notion and impacts of governance outlined in Chapter 2.

Chapter 5 – Case Study One: Defra and Recycling

[T]ackling the rising amount of waste is not just a matter for the Government; it also involves action by individual households, business and other stakeholders (Strategy Unit, 2002, p. 10).

The core purpose of this thesis is to determine the extent to which emerging theories of governance accurately capture and reflect the current capacity of the British central government. However, as Chapter 2 illustrated, there is scant agreement regarding what ‘governance’ constitutes, and the extent to which its applicability is both contemporary and accurate. Many of the machinery of government reforms instigated by the Labour government since 1997 can be perceived of as an overt response to the challenges of hollowing-out and fragmentation, as detailed in Chapter 3, within which the PSA regime represents the core mechanism of strategic and operational capacity. However, as shown in Chapter 4, the effectiveness of the regime has at times been impeded by structural constraints such as the pervading ‘silo mentality’ of Whitehall, and an inability or unwillingness of key actors to operate according to the principles of the regime. To explore these issues, the chapter will proceed as follows. The overarching context of sustainable waste management shall be considered, focusing on the relationship between the EU policy framework and the government’s domestic policy aspirations. The effectiveness and capacity of Defra as lead department will then be analysed, considering its internal organisation and the mechanisms in place to ensure effective co-ordination where specific aspects cross-cut departmental boundaries. Finally, the relationships established between Defra and delivery agents on the ground shall be considered, focusing on local interactions and the extent to which LAs have been afforded appropriate freedoms and flexibilities in accordance with their status as the main delivery agent of domestic waste recycling.

The chapter will suggest that in relation to sustainable waste management

- The PSA target acts as both a driver of policy and a proxy for the government's wider waste commitments.
- The issue of recycling is more complex than belied by the target's scope.
- Policy-making and implementation is multi-layered and multi-level.
- Nonetheless, there is relative coherency of strategic and operational aims between the target's partners.
- The success of the recycling PSA reflects this coherency and the government's ability to access the majority of levers to change.
- However, the challenge of securing individual behavioural change and co-operation remains without adequate resolution.

Overall, sustainable waste management, as experienced through the PSA, forms a tightly defined policy area, wherein central government is the predominant actor with the majority of resources and levers as its disposal, which reflects the 'structured inequality' described within the asymmetric power model (Marsh et al, 2003). More broadly, the chapter will suggest that the role and functions of government can be understood in accordance to the concept of meta-governance, as through its recycling PSA target the government has adopted the role of the 'primary organiser' of sustainable waste management, setting the 'rules of the game' to forge a coherent set of policy priorities around which delivery agents must assemble, coupling operational autonomy with ultimate political responsibility for the delivery of public services (Jessop, 1998).

5.1 – The Focus on Recycling as an Alternative to Landfill

5.1.1 – The introduction of recycling targets

Historically, municipal waste management in England and Wales had been characterised by a reliance on landfill as the major tool of disposal, with over 80 percent a year being dealt

with in this way. However, a growing awareness of the deleterious impact of human activity upon the natural environment emerged in the 1980s, and the landfilling of waste was increasingly perceived of as wasting valuable natural resources that could otherwise be reused. The first evidence of top-level political commitment to the diversion of waste from landfill was the publication of recycling targets for household waste in the Conservative government's environmental strategy, *This Common Inheritance*, which contained a goal to 'recycle or compost 25 percent of household waste by the year 2000' (Cm. 1200, 1990, p. 10). In 1995 this target was incorporated into the then government's sustainable waste strategy, *Making Waste Work*, which established further targets, including reducing the proportion of controlled waste going to landfill from 70 percent to 60 percent by 2005; providing easily accessible recycling facilities for 80 percent of households by 2000; and recovering 40 percent of municipal waste by 2005 (Cm. 3040, 1995, pp. 8-9). Labour inherited *Making Waste Work* upon coming to power, which remained as the UK's overarching waste strategy. However, it was clear by 1998 that very little progress had been made and the targets were unlikely to be realised, as recycling rates averaged at around 6-7 percent, with only 18 percent of households being covered by kerbside collection for recycling (DETR, 1998). Furthermore, the strategy was roundly criticised by the Environment, Transport and Regions Select Committee for simply being 'an advisory document' rather than a statutory plan, which had led to waste management being 'characterised by inertia, careless administration and ad hoc, rather than science based decisions' (HC 484-I, 1998, p. xiv). In response it recommended that the government develop a revised Waste Strategy containing statutory targets, underpinned by strong central leadership and the adoption of effective tools such as fiscal measures and procurement policies (HC 484-I, 1998, paras. 14-8).

Following the 1998 CSR, the DETR pledged to establish targets for improved sustainability in waste management (Cm. 4181, 1998, p. 27). This led to publication of the *Waste Strategy 2000*, containing a series of measures and objectives to improve sustainability across all waste streams in England and Wales. In relation to municipal waste, headline

targets were set to increase recycling rates, which appeared ambitious when compared to the current performance of 9 percent

- To recycle or compost at least 25% of household waste by 2005
- To recycle or compost at least 30% of household waste by 2010
- To recycle or compost at least 33% of household waste by 2015 (Cm. 4693-1, 2000, p. 7).

Subsequent PSA targets have complemented the ambitions of the Waste Strategy in relation to municipal waste. The 2000 SR announced a PSA target to ‘enable 17 percent of household waste to be recycled or composted by 2004’, the delivery of which being the responsibility of the DETR as part of its objective to ‘protect and improve the environment and integrate the environment with other policies across Government and internationally’ (Cm. 4808, 2000, Ch. 4). The reorganisation of central government in 2001, which led to the disaggregation of the DETR and replacement of Ministry for Agriculture Fisheries and Food (MAFF), saw the responsibility for waste management fall to Defra, which had absorbed the basket of functions exercised by MAFF and the ‘green’ parts of the DETR (HC 991, 2002, para. 1). Following the 2002 SR, Defra continued to lead on waste management, its objective being to ‘promote sustainable management and prudent use of natural resources domestically and internationally’, accompanied by a more challenging target to ‘enable 25 percent of household waste to be recycled or composted by 2005-6’ (2004, p. 28). The objective and associated target was rolled forward in the 2004 SR, which contained an additional commitment to further improvements by 2008 (Cm. 6238, 2004, p. 34).

5.1.2 – The structure of the PSA target

The government’s recycling PSA bears the hallmarks of a SMART target, discussed in Chapter 4, in that it is specific with a clear subject of measurement; achievable in the context of the available delivery levers; relevant to the government’s overarching sustainable waste agenda, and timed according to the 2005-8 PSA monitoring period. The government has sought to ensure the methodological rigour of the target, whilst developing

stringent data collection and analysis procedures to monitor the target's success, set out in full in Defra's TN. Household waste and the basis for calculating its recycling rates are specifically defined

'Household waste' means all waste from households collected on the regular local authority refuse collection round, through special bulky waste collections, through separate recycling collections and banks and at Civic Amenity sites. Some other waste, such as that from street sweeping, also counts as household waste. Waste collected for recycling or composting by community groups is also included.

The target is based on the total amount of household waste produced, less that sent for recycling or composting, i.e. the amount sent to other forms of recovery such as incineration with energy recovery or disposal such as landfill (Defra, 2004a, paras. 6.12-3).

There are two elements of the target against which success is judged: firstly achieving 25 percent recycling of household waste by 2005/06; and secondly ensuring further improvements by 2007/08. Progress against both elements is measured at the end of each financial year. Initially, data from the Municipal Waste Management Survey (MWMS), a Defra survey that collected tonnage information from each LA in England, was used to assess progress, with a lag between data collection and publication of 12-18 months. Since 2004/05 the MWMS has been replaced by the WasteDataFlow, which provides 'equivalent information but on a more frequent, timely basis.' Under the WasteDataFlow system, data is collected quarterly and then aggregated to the financial year, and to enhance the transparency of performance information, Defra has made available all data on its website (Defra, 2004a, paras. 6.4-6).³³

Successive SRs have seen a sustained growth in real terms in Defra's budget, which increased at an average of 2.7 percent between 2002-04, and will continue to grow at a rate of 1.2 percent over the period covered by the 2004 SR, with Defra pledging to use these additional resources to promote sustainable development (Cm. 6237, 2004, p. 147). Consistent with the emphasis on improved service delivery through the CSR process

³³ <http://www.defra.gov.uk/environment/statistics/wastats/index.htm>, last accessed 12 November, 2007.

outlined in Chapter 4, the Treasury has stressed that all additional resources must be ‘accompanied by reform and based on a cost-effective delivery strategy’ (Cm. 5664, 2002). However, as the failure of the previous government’s sustainable waste strategy illustrated, financial provisions alone are unlikely to deliver as success is ultimately dependent upon effective political leadership and practical support (HC 484-I, 1998, paras. 14-8). Accordingly, the government has adopted a ‘tool-kit’ approach, establishing numerous authority, information, budgetary and institutional mechanisms to ensure that its recycling commitments are embedded across Defra and the broader Whitehall machine, and delivered on the ground (see Hood, 1983, pp. 1-7). Whilst progress towards Defra’s recycling and composting PSA targets has at times been described as ‘challenging’ (Cm. 6017, 2003, p. 88; Cm. 6939, 2004, p. 102; Cm. 6537, 2005, p. 301), there has been a significant growth in recycling and composting rates since the introduction of statutory targets in 2000. Furthermore, progress against Defra’s latest PSA target appears assured, as 26.7 percent of all household waste was recycled or composted in England in 2005-06, surpassing the PSA target’s initial goal of 25 percent, with further improvements projected by 2008 (table 5.1).

Table 5.1 – Household waste recycling rates in England, 1998-09 to 2006-07

	1996-97	1997-98	1998-99	1999-2000	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07
England household waste recycled (%)	7.5	8.2	9.0	10.3	11.2	12.5	14.5	17.7	22.5	26.7	30.9
Household waste recycled ('000 tonnes)	1,682	1,915	2,126	2,547	2,809	3,197	3,740	4,521	5,769	6,796	7,976
Increase weight of recycled household waste since base year 1996-97 (%)	-	14	27	51	67	89	122	169	243	304	375

Sources: Defra, 2006a, 2007, p. 50; Defra, 2007a, p. 43.

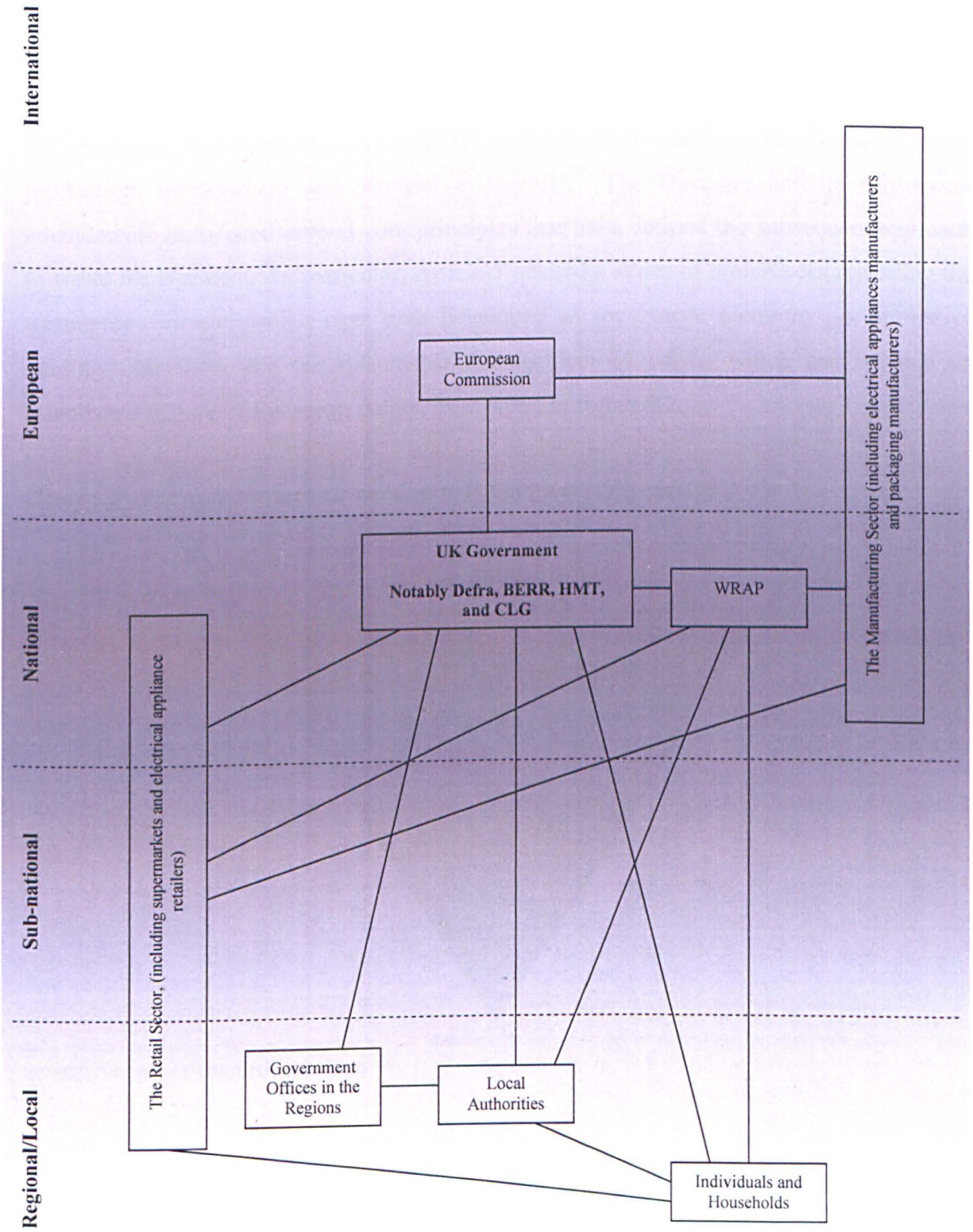
5.2 – The European Dimension of Domestic Waste Policy

5.2.1 – The overarching context of EU waste policy

The government’s waste policy does not exist in isolation, and is predicated upon

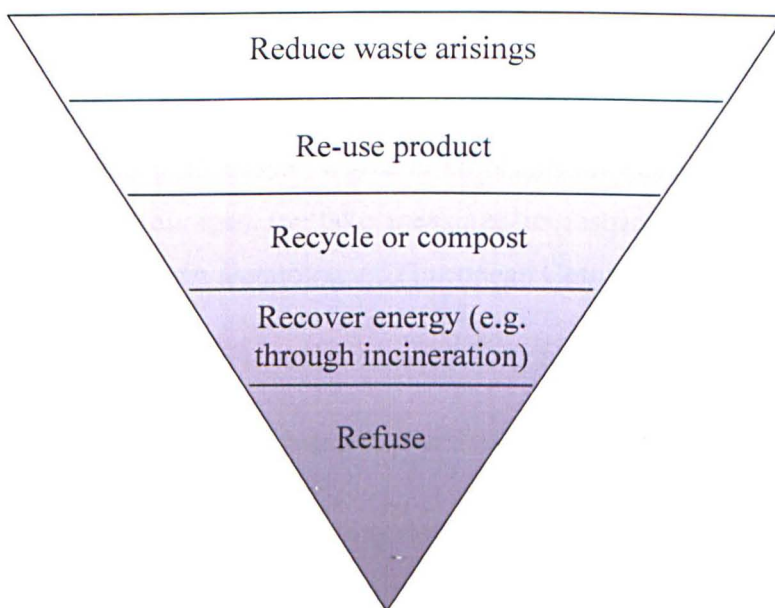
interactions between a range of political and non-political actors, including the EU, local government, manufacturers, retailers and individual citizens. Despite the involvement of a range of stakeholders, there is relative linearity between the political actors involved with relatively limited scope for autonomous activity beyond the political mainframe, as figure 5.1 suggests (c.f. the inherently diffused and complex landscape of climate change policy, illustrated in figure 6.1). In turn this reflects the tightly defined nature of household waste policy, and the ability of the PSA target to capture and reflect its core components.

Figure 5.1 – Key institutions, agents and partners in delivering improved recycling of domestic waste



Waste is an area within which there is a substantial amount of EU activity, which informs and shapes the overarching policy development framework, reflecting the longstanding ‘Europeanisation’ of domestic environmental policy prevalent since the late 1980s (Jordan, 2003). European legislation relating to sustainable waste management was introduced in 1975, following the adoption of the *Council Directive on Waste (75/442/EEC)*, commonly known as the ‘Waste Framework Directive’ as it sets the overarching framework for waste production, management and disposal in the EU. The Directive and its subsequent amendments introduced several core principles that have defined the subsequent approach to waste management. In particular, Article 3 posited a series of preferences regarding the treatment of waste, which over time developed as the ‘waste hierarchy’, a normative guiding framework for the sustainable management of waste, which has become an established feature of European policy, as detailed in figure 5.2.

Figure 5.2 – The waste hierarchy as understood in European policy-making



Source: European Commission, 2007, p. 9.

In 1991 the Waste Framework Directive was amended (91/156/EEC) and the principles ‘proximity’ and ‘self-sufficiency’ were introduced, which stated that waste should be

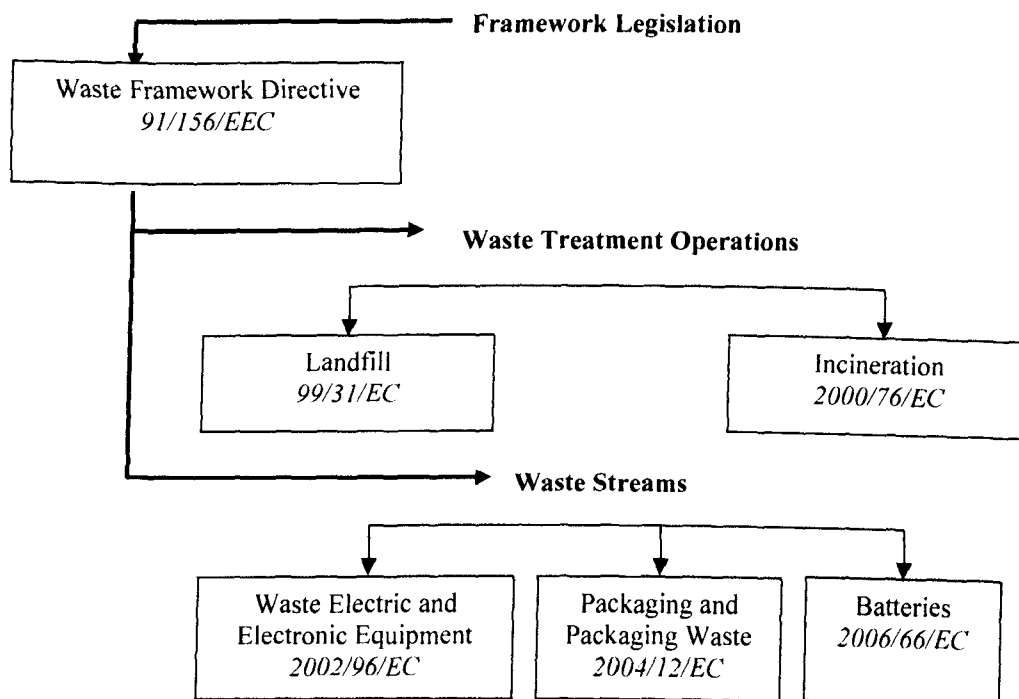
disposed of in the closest suitable facilities and should not be disposed of outside the Community, whilst placing greater emphasis on waste reduction. A core provision of the amendment was the obligation upon member states to establish statutory waste management plans identifying waste streams to be recovered or disposed of; technical requirements for recovery or disposal; special arrangements for specific waste types; suitable disposal sites or installations (European Commission, 1991, Article X). In response the Conservative Government published its *Making Waste Work* White Paper, which included the specific targets for waste reduction and recycling detailed above (Cm. 3040, 1995). Similarly, both of the Labour government's subsequent waste strategies were also published to fulfil this requirement (Cm. 4913, 2000; Cm. 7086, 2007). The principles underpinning the Framework were further strengthened in 1996 following the European Commission's *Waste Strategy Communication*, which reiterated the centrality of the waste hierarchy and the 'polluter pays' principle wherein those who produce waste should bear the costs of treatment, whilst developing the concept of priority waste streams (COM 399, 1999). In 2006 the Waste Framework Directive and amendments thereof were codified into a single document, which was hoped to streamline and clarify existing legislation whilst contributing to better regulation (2006/12/EC). Whilst the 2006 Framework is substantively similar to its predecessor, a greater emphasis on waste prevention is apparent, as member states are encouraged to 'take measures to restrict the production of waste particularly by promoting clean technologies' (European Commission, 2006a, para. 6).

5.2.2 – EU directives and their impact upon the recycling PSA

The provisions of the Waste Framework Directive have also led to a series of more detailed 'daughter directives' which fall into two main categories; those relating to the operation of waste disposal systems, and those relating to the management of specific waste streams. As the Directive encompasses all aspects of non-hazardous waste management, the resultant legislative framework is multi-faceted and complex. Indeed, there are several inter-related Directives inform the management of domestic waste, as detailed in figure 5.3, which in turn impinge upon the Government's domestic PSA commitments. In terms of its impact

upon household waste, the most significant daughter directive is the Landfill Directive (99/31/EC). This relates to the treatment of waste and establishes a series of targets to reduce the overall amount of biodegradable municipal waste sent to landfill, in order to negate its environmental impacts (European Commission, 1999b, Article 1.1). This sets targets to reduce biodegradable municipal waste landfilled to 75 percent of that produced in 1995 by 2006, 50 percent by 2009 and 35 percent by 2016, although to support member states who have been heavily reliant upon landfill, a maximum derogation of four years from the target years is available, and in the UK the target years have been pushed back to 2010, 2013 and 2020. The impetus of the Directive is reinforced by the potentially massive financial penalties that can be levied upon member states in the event of non-compliance, which the Strategy Unit suggested could be up to £180 million for the UK (Strategy Unit, 2002, p. 21). The provisions of the Landfill Directive are complemented by the Incineration Directive (2000/76/EC), which aims to prevent or limit the negative environmental effects of waste incineration, establishing a series of stringent operational conditions and requirements, whilst setting limits on the emissions produced by incineration plants (European Commission, 2000, Article 1).

Figure 5.3 – EU legislation that informs the domestic PSA recycling target



Source: Derived from European Commission, 2007, p. 22.

Directives have also been applied to specific waste streams where current practices have a high environmental impact or where it has been difficult to organise sustainable disposal, several of which impact upon the production and management of domestic waste. The Packaging and Packaging Waste Directive (1994/62/EC) includes a series of provisions such as the inclusion of recycled material in packaging; the re-use of packaging; and the recovery and recycling of packaging waste. To ensure compliance the Directive established several targets, and within five years of its implementation member states had to ensure that between 50 and 65 percent of packaging waste was recovered, and of that between 25 and 45 percent recycled (European Commission, 1994, Articles 1 and 6). However, the Directive was amended in 2004 (2004/12/EC) and more challenging targets were introduced, with a minimum of 60 percent being recovered and 55 percent being recycled by 2008. The amended Directive also introduced for the first time a series of material-specific recycling targets by weight including 60 percent for glass, 60 percent for paper and board, 50 percent for metals, 22.5 percent for plastic and 15 percent for wood (European Commission, 2004, Article 6).

The Waste Electrical and Electronic Equipment (WEEE) Directive (2002/96/EC) seeks to reduce overall waste generated from electrical and electronic equipment whilst increasing its re-use, recovery and recycling. The Directive is important for securing reductions in domestic waste, as it requires producers to take back and recycle electrical and electronic equipment, which is intended to provide incentives to design equipment in a more environmentally efficient way. It also provides for the creation of appropriate facilities to enable private householders to return such waste free of charge. Again, compliance is sought through the establishment of targets, which set recovery and recycling rates at 50 to 80 percent by 2006 depending on the product category (European Commission, 2002b, Articles 1, 5, 7). Similarly, the Batteries Directive (2006/66/EC), seeks to improve the environmental performance of batteries, establishing a series of rules governing the sale, collection, treatment and disposal of batteries and accumulators, which are underpinned by

a rolling target of 25 percent of household batteries being collected by 2012 and 45 percent by 2016 (European Commission, 2006b, Articles 1, 10). Overall, the emphasis of these Directives upon producer responsibility, in accordance with the principles of the Waste Framework Directive, reflects the inter-connectedness of economic and environmental issues, whilst highlighting the role of the manufacturing sector as an enabler of recycling and waste reduction across both domestic and non-domestic waste streams, and the challenge of securing engagement and compliance.

5.2.3 – The domestic response to EU obligations

Academic literature focusing on the government's engagement with the EU has suggested a defensive stance, wherein Labour has adopted a 'pick and mix' approach to serve its own policy agenda and domestic commitments (Baker, 2005; see also Buller, 2000; Marsh et al, 2003). Nonetheless, it is apparent that in this context, the overarching EU agenda is a major driver of waste policy across all parts of the UK.³⁴ The government has welcomed a 'collaborative approach' with its European partners to sustainable waste management, suggesting that it will

help to deliver the global environmental benefits associated with waste that we seek, while the policy instruments support the EU internal market objectives and recognise the global nature of international trade (Cm. 7086, 2007, p. 29).

The impact of European legislation upon domestic waste policy was stressed by senior officials within Defra

I think the EU is really one of the big drivers behind what's in the [Waste] Strategy. In EU terms, it's the Landfill Directive targets that are a very, very big driver (interview with senior Defra official, 10 July 2007).

We've got a range of EU directives on waste and other environmental issues... The one that hits [Defra's Waste Strategy Division] most frequently from day-to-day is the Landfill Directive... But we've got a range of other EU directives, like the WEEE Directive for particular kinds of waste to interpret. Overall it makes a

³⁴ Waste policy, with the exception of most economic instruments, is devolved. Wales, Scotland and Northern Ireland have their own waste policies. However, EU legislation applies on a UK-wide basis, and all devolved bodies are required to take account of any limits, targets or restrictions imposed by the EU.

very considerable difference, and that tends to be the main areas where we've got very hard regulation (interview with senior Defra official, 11 July 2007).

The impact of the EU legislative framework was evident throughout the both of the government's waste strategies. The waste hierarchy, for example, has been embedded as the guiding principle for ranking waste disposal options, notably in the revised Waste Strategy which contained a series of measures to 'create incentives that reflect the waste hierarchy and create opportunities for the reduction, re-use, and recycling of waste, and recovery of energy from waste' (Cm. 7086, 2007, p. 12). The concepts of 'proximity' and 'self-sufficiency' also featured throughout both waste strategies, evident in the regulations established to monitor and audit waste disposal providers (Cm. 4693-2, 2000, p. 42; Cm. 7086, 2007, p. 44). The 'polluter pays' principle was also evident, and in accordance with the government's obligations under waste stream-specific directives such as the WEEE Directive, the strategies contained numerous measures to engage with the manufacturing and retail sectors such as negotiated voluntary agreements and tailored advice and support, whilst defining the overarching implementation framework through tools such economic-based instruments and direct regulation (Cm. 4693-2, 2000, pp. 101-6; Cm. 7086, 2007, pp. 51-62).

As evidence from senior Defra officials suggest, the rigorous obligations of the Landfill Directive have had the greatest impact, with a range of complementary domestic targets being established focusing upon methods of landfill diversion. The 2000 Waste Strategy established a series of targets to increase the recovery of value from municipal waste, supported by targets to improve recycling and composting rates for household waste, which together were intended to fulfil the UK's obligations under the Directive (Cm. 4693-1, 2000, p. 21). Indeed, the household waste recycling targets established in the strategy directly informed the recycling target established for the subsequent 2003-6 and 2005-8 monitoring periods, and in this respect the PSA recycling target can be seen as a proxy for the government's underpinning European obligations, as detailed in table 5.2.

Table 5.2 – Targets established to fulfil the UK’s obligations under the EU Landfill Directive

	European Targets	Waste Strategy 2000	Waste Strategy 2007
Landfill	75% by 2010 50% by 2013 55% by 2020 of 1995 levels	Recovery of municipal waste: 40% by 2005 45% by 2010 67% by 2015 Recycling and composting of household waste: 25% by 2005 30% by 2010 33% by 2015	Recovery of municipal waste: 53% by 2010 67% by 2015 75% by 2020 Recycling and composting of household waste: 40% by 2010 45% by 2015 50% by 2020 Household waste reduction: 29% by 2010 35% by 2015 45% by 2020 from 2000 levels

Source: Cm. 4693-1, 2000; Cm. 7086, 2007.

Despite the good progress already made against its recycling targets, compliance with the Landfill Directive was initially expected to be challenging. In 2002 the Strategy Unit published *Waste Not Want Not*, which analysed the barriers to the sustainable management of municipal waste and their potential effect upon progress towards the Landfill Directive. It suggested that the main barrier would be the continued growth in overall waste produced, which at 3-4 percent per annum was faster than the growth in GDP and one of the fastest in Europe. The Report also highlighted a range of factors which had already inhibited the diversion of waste from landfill, including a severe lack of alternative treatment facilities; the failure of the economic and regulatory framework to offer incentives to waste minimisation or alternative methods of waste management; the complexity of delivery structures; weaknesses in the planning system; and poor public awareness. In order to fulfil the UK’s obligations under the Landfill Directive, the report made several recommendations, in particular establishing new statutory targets for waste minimisation and setting more challenging targets for recycling and composting (Strategy Unit, 2002). These challenges were acknowledged by the government (Defra, 2003a), and many of the recommendations made to improve the UK’s ability to respond to the Landfill Directive have since been acted upon (Strategy Unit, 2005c). In particular, the revised Waste

Strategy reported that the Directive's requirement for operators of existing landfills to re-apply for pollution prevention and control permits has led to a huge reduction in the number of landfill sites, from over 1,200 to approximately 450 (Cm. 7086, 2007, p. 48). The revised Waste Strategy also included more challenging targets for the recovery of value from municipal waste and the recycling and compositing of domestic waste, and for the first time included household waste reduction targets. Although the first monitoring period for the Landfill Directive is not until 2010, following the implementation of the Strategy Unit's recommendations and the changes made within *Waste Strategy 2007*, the government appears confident of success, setting itself an ambitious strategic goal to 'meet and exceed the Landfill Directive diversion targets for biodegradable municipal waste in 2010, 2013 and 2020' (Cm. 7086, 2007, p. 29).

5.2.4 – The suitability of EU policy as a driver

Whilst EU policy has defined the government's domestic waste agenda, reflecting the longstanding Europeanisation of the UK's domestic environmental policy (Jordan, 2003), its overall direction has not been accepted without question. The underpinning principles of EU waste policy have been challenged, in particular the apparent ubiquity of the waste hierarchy as a guiding framework for the disposal of waste. The House of Lords Committee on the European Union criticised the waste hierarchy for its failure to fully account for the environmental and economic cost of waste disposal options (HL 83, 1998, para. 113). In particular, it cited the example of landfill, which had been 'stigmatised by its position at the bottom of the hierarchy', despite its 'essential part in the portfolio of waste disposal practices' within the UK. Whilst the Committee did acknowledge that landfilling was ultimately unsustainable, it did suggest that any approach to waste management should be determined with reference to all economic and environmental factors, in accordance with the principle of the Best Practicable Environmental Option (BPEO), rather than rigidly applying the waste hierarchy 'straightjacket,' with waste reduction in all instances being 'imperative' (HL 83, 1998, paras. 112-5, 148-9). Indeed, whilst the waste hierarchy featured as a guiding framework within the government's Waste Strategy, it was used as

part of the BPEO assessment, which starts from a position of waste reduction moving on to consider 'all options in the hierarchy... for each component material within the waste stream, and for waste which cannot be reasonably separated out.' Together, this formed an approach which the government suggested to be more comprehensive and flexible than solely relying upon the waste hierarchy (Cm. 4693-2, 2000, pp. 27-8). Under the revised Waste Strategy, the government's approach to waste disposal options has developed further, with reference to the waste hierarchy being informed by a 'lifecycle approach' which considers the environmental impacts at each stage of a product's lifecycle, including extraction, production, use and end-of-life disposal, so that 'interventions can be targeted at the most significant environmental impacts across the lifecycle' (Cm. 7086, 2007, p. 20-2). There are also question marks over specific aspects of individual EU directives. The Environment, Food and Rural Affairs Committee (EFRA) Committee, for example, expressed 'specific concerns' regarding the higher targets for 2006 onwards for the recycling of specific materials under the Packaging and Packaging Waste Directive, highlighting discrepancies between domestic and EU policies, which had led to aggregate, weight-based targets for LAs rather volume-based and material-specific targets, as required under the Directive (HC 99-I, 2003, p. 27).

As EU waste issues are predominantly decided upon through qualified majority voting within the Council, it is inevitable that the government will not always be able to guarantee the optimal outcome for the UK; indeed the effect of qualified majority voting is that individual states may have to 'implement policies to which they are opposed' (Marsh et al, 2003, p. 329; see also Fairbass and Jordan, 2001, p. 18). However, there have been substantial criticisms of the government's negotiating stance and capacity, which has been perceived as having exacerbated the gap between the government's preferred outcomes and legislative outcomes. Extensive evidence presented to the Better Regulation Task Force suggested that the 'the perception of stakeholders is that Defra's involvement in the early development of environmental policies and legislation in Europe is weak.' This led the Task Force to suggest that a lack of early engagement by the government had meant that policies such as the Packaging and Packaging Waste and WEEE Directives fail to represent

the best interests of the UK, being ‘more attuned to systems and practices of other EU Member States, especially Germany, The Netherlands and Belgium’ (Better Regulation Task Force, 2003, pp. 35-6). Similarly, the House of Lords Select Committee on the EU suggested that whilst it had ‘responded constructively to EU initiatives through practical implementation of Community legislation’, the government had been unable to provide ‘significant evidence of creative thinking... in developing the Waste Strategy further or in driving policy at an EU level.’ Stakeholder evidence presented to the Committee also suggested that internal confusion within Whitehall regarding the split of policy responsibilities between Defra and the then DTI had led to ‘confusion apparent in dealing with waste policy in the UK does not provide a strong position from which to represent the UK interest in EU negotiations.’ Such evidence led the Committee to conclude that the government’s position vis-à-vis the EU was ‘essentially reactive’, and without a ‘clear idea of how EU policy should develop’, it suggested that the government was at a ‘disadvantage in representing the interests of the UK during negotiations’ (HL 194, 2003, pp. 21-2). The EFRA Select Committee was even more damning in its evaluation of the government’s negotiating record, suggesting that Defra ‘views the negotiation and implementation of environmental Directives as a painful chore rather than as a positive opportunity for change.’ The Committee sought to determine the factors contributing to the government’s poor record, and whilst it has found commitment within senior levels of Defra to working with the EU to deliver change, a severe lack of capacity remained within Defra in terms of financial resources and staff expertise and experience (HC 385, 2003, paras. 20-32).

In response, the government has denied an inability or unwillingness to engage in EU negotiations, stressing that it

recognises the importance of this work in developing future EU waste management policy, and sees a vital opportunity to exert influence in ensuring that the UK’s best interests are met at this level (HL 164, 2004, p. 7).

Indeed, interviews with senior Defra officials suggested a proactive stance in terms of EU negotiations, and that relationships between the Department and the Commissions were

broadly positive, with clear and open channels of engagement (interviews, 10-11 July 2007). Despite its criticisms of the government's negotiating record, the Better Regulation Task Force did highlight some examples of UK lobbying at the EU level that had produced results, particularly in relation to the WEEE Directive, where the UK had been instrumental in avoiding a ban on the co-disposal of WEEE and had successfully pushed for alternative collection systems, rather than just the in-store collection route, which had been proposed as the only solution (Better Regulation Task Force, 2003, p. 35). There is also evidence that the government has sought to improve its engagement in the early stages of policy development, for example conducting an extensive stakeholder consultation exercise led by Defra regarding the revised Waste Framework Directive to ensure that the UK's involvement in the negotiations were well-informed (Defra, 2007c). It appears that early engagement has been successful in helping to secure the UK's desired policy outcomes. Currently the Waste Framework Directive does not set any waste reduction targets or impose any obligation upon member states to devise such targets. Interviews with senior officials within Defra revealed that the Department was strongly in favour of waste reduction targets, and intensively lobbied the EU for the inclusion of such targets, similar to those within the *Waste Strategy 2007* (interviews, 10-11 July 2007). Indeed, extensive negotiations at the EU's Environmental Council has led to the Directive being amended, obliging member states to include targets and benchmarks for waste prevention measures (Council of the European Communities, 2007). Whilst the relative opacity of the proceedings makes it difficult to ascertain the specific influence of the UK, the inclusion of such targets in line with the government's negotiating stance suggests that the government has improved its strategic capacity to determine policy outcomes at the EU level. Furthermore, in the context of sustainable waste management there appears to be relative coherency between European and domestic policy aspirations, and in instances where EU policy has not been wholly appropriate to the British example, it has been overlaid with complementary domestic policy approaches rather than avoided or marginalised, as illustrated through the coterminous existence of the waste hierarchy and BPEO within the domestic Waste Strategy. Such inter-institutional coherency is undoubtedly a key factor in the success of the recycling PSA target, galvanising stakeholders around a common set of policy objectives.

5.3 – The Strategic and Operational Role of Central Government

5.3.1 – The government's overarching Waste Strategy

The government's recycling PSA target represents an articulation of its top-level priorities for waste management within England, in accordance with the underlining principles of the PSA regime outlined in Chapter 4. However, as demonstrated, the government does not have free rein in determining its strategic priorities for waste management, but is circumscribed by the overarching EU context and statutory obligations upon member states, which necessitates effective leadership and engagement at the supra-national level. This circumscription is reflected in the government's waste strategies, which give full accordance to its European obligations outlined above. In terms of its domestic policy, the government's Waste Strategy is multi-faceted with a significant number of policy commitments, goals and outcome measures, which relate to numerous waste streams including household, industrial, commercial and hazardous. This is in contrast to the single commitment to increasing the recycling and composting of household waste that is enshrined through the PSA regime. Indeed, when located in this broader context, household waste is a relatively small source of total waste arisings. The government's original Waste Strategy does not distinguish between municipal waste and household waste as a contributing sub-stream, but nonetheless indicates that municipal waste represents only 28.6 percent of all waste generated in England (Cm. 4963-1, 2000, p. 10). Its revised Waste Strategy breaks down waste arisings in greater detail and separates out household waste, which it suggests contributes only 9 percent to England's annual waste arisings (Cm. 7063, 2007, p. 24). Despite its relatively small contribution, the government suggested that the emphasis upon household waste is due to the historic reliance upon landfill in comparison with other sectors and its poor recycling record, as detailed in table 5.3. However, the Environmental Audit Committee suggested that the focus upon household waste was because 'the Government has more influence over municipal waste management than over other waste streams and considerably more data on municipal waste

at hand upon which to develop policy and against which to monitor progress’, which indicates a degree of awareness on the part of the government regarding the extent of its strategic capacity and operational reach (HC 99-I, 2003, p. 13).

Table 5.3 – Waste management in England and Wales 1998-99

	Landfill (%)	Recovery (%) (including composting and recycling)	Recycling/ Composting (%)
Industrial waste (excluding construction and demolition waste)	47	45	39
Commercial Waste	66	33	29
Municipal Waste	83	17	9

Source: Cm. 4693-1, 2000, p. 10.

In order to deliver on both its PSA commitments and the wider sustainable waste agenda the government must therefore maintain the compatibility of its domestic agenda with its EU commitments, whilst ensuring the coherency of policy across Whitehall and its successful translation to service providers on the ground. This strategic leadership function was implicit in both of the government’s waste strategies

It is the responsibility of the Government... to:

- set challenging targets for the strategy
- establish a framework for good decision-making
- put in place the policy instruments necessary to support and foster change
- ensure that all sections of the community are clear about their roles under the strategy (Cm. 4863-I, 2000, p. 41).

Essentially, Government’s role in relation to waste is to:

- set the strategic and policy direction on waste management in England;
- provide the legislative framework;
- put in place the statutory framework and delivery structures, and contribute appropriately to the funding needed to deliver the outcomes we are seeking;
- disseminate information, raise awareness and provide clear leadership; and
- reduce its own waste arisings and increase recycling of its own waste, and improve its procurement performance (for example through procuring recycled goods) (Cm. 7068, 2007, p. B2).

To define the overarching framework of sustainable waste management, the government has adopted a toolkit approach (Hood, 1983), which at the macro-level has entailed

legislative and economic measures, whilst seeking to promote itself as a model of good practice regarding sustainable waste management to enable it to lead by example vis-à-vis its delivery partners. Together these measures are intended to send out the appropriate signals to all stakeholders regarding the direction of government policy and to encourage their positive engagement with the government's strategic objectives.

The legislative framework enshrines the principles underpinning the government's approach to sustainable waste management. The *Waste and Emissions Trading Act 2003*, sought to fulfil that the UK's obligations under the EU Landfill Directive, outlining progressively reducing allowances for the landfill of biodegradable municipal waste for individual Waste Disposal Authorities. The Act also introduced the Landfill Allowance Trading Scheme (LATS), to enable authorities to meet their individual landfill reduction targets by trading, saving or forward using their designated landfill allowances, in accordance with the emphasis upon freedoms and flexibilities outlined in Chapter 4 (ss. 1-9). Similarly, and with direct implications for the government's PSA commitments, the *Household Waste Recycling Act 2003* stipulated that waste collection authorities in England must ensure the separate kerbside collection of at least two recyclable materials by 2010 (s. 1). Complementing the overarching legislative framework is a range of centrally determined economic instruments to 'to encourage and enforce the safer and more sustainable management of the waste we all generate' (Cm. 4693-2, 2000, p. 51). This includes several targeted funding sources, which focus upon specific waste streams and delivery agents, such as LAs and the business sector. At the macro-level, the main fiscal instrument is the Landfill Tax, introduced by the Conservative government as part of its 1995 waste strategy (Cm. 3040, 1995). The Landfill Tax came into operation in 1996, being enshrined in the *Finance Act 1996* which set the standard level of tax at £7 per tonne, with an underlying expectation that the tax will reduce landfill and promote more sustainable forms of waste management, such as recycling. The Act also introduced the Landfill Tax Credit Scheme, which enabled landfill operator to claim up to 90 percent credit against any donations that they make to approved environmental bodies, with a limit being set at 20 percent of an operator's annual landfill tax bill (s. 3). The 1999 Budget

raised the rate of landfill tax to £10 per tonne and introduced a landfill tax escalator to raise the standard rate of tax by £1 per year until 2004, allowing the principle of ‘polluter pays’ to be enforced without harming the competitiveness of UK business, and was extended to increase by £3 a tonne from 2005 (HC 298, 1999, paras. 5.70-2; HM Treasury, 2003b, para. 7.46). The success of the tax in diverting waste from landfill coupled with the ongoing challenge posed by waste minimisation led the government to extend the escalator once again in 2007, and from April 2008 landfill tax will increase by a minimum of £8 a tonne until 2010-11 when the rate of landfill tax will reach £48 per tonne (HC 342, 2007, p. 187).

Despite the range of overarching tools developed, it has been suggested that the basic assumptions underpinning the government’s approach to the sustainable waste management are flawed, in turn undermining the impact of its policy measures. Specifically, the government has been criticised for failing to set suitably stretching targets for recycling and for failing to devote sufficient attention to waste minimisation despite its higher standing in the waste hierarchy and the continued steady growth of household waste arisings at around 3 percent per annum

The Government does not appear to be taking waste minimisation seriously. There are few significant measures aimed at minimising the amount of waste and the Strategy embraces the current and future growth of municipal waste, rather than challenging it... This acceptance of waste growth without challenge demonstrates our prime criticism of the Government’s approach to resource use and waste management: that it lacks depth and ambition (HC 36-1, 2001, para. 39).

Such criticisms resonate with those made in Chapter 4, which suggested that the failure to set suitably stretching targets, together with the focus upon the easily measurable, inhibits progress towards strategically important policy aims, devaluing the overall effect of the performance framework in place. Whilst the government acknowledged the challenge posed by waste minimisation, it rejected the call for attendant targets, stating that ‘targets on their own are insufficient to deliver waste minimisation - policy instruments are the

key', highlighting the role of measures such as the landfill tax escalator in waste reduction (HC 659, 2002, para. 24).

Despite the government's confidence in the ability of its policies to deliver waste minimisation, the volume of household waste in England continued to grow faster than the GDP, and indeed other European member states, reflecting ongoing challenge of decoupling the production of waste from economic growth. The Strategy Unit suggested that the government's Waste Strategy gave 'insufficient attention to waste minimisation, as exemplified by the absence of any waste minimisation targets', whilst the 'economic and regulatory framework in the UK has done comparatively little to incentivise waste minimisation or to encourage a move to alternatives to landfill.' It recommended that national recycling targets were replaced with waste reduction charges, with similar targets being set for LAs as part of the Best Value regime (Strategy Unit, 2002, pp. 30, 33, 72). Whilst the government acknowledged that a focus on recycling would not automatically lead to waste reduction (Defra, 2003a, p. 9), the PSA target's focus on recycling and compositing remained, despite the 2004 SR presenting a window of opportunity for refocusing strategic priorities. However, following its recent revision, the government's Waste Strategy has placed a more overt emphasis upon waste minimisation, with a series of targets being set to reduce household waste by a total of 45 percent by 2020 against 2000 levels. The strategy also pledged a consultation on the introduction of restrictions and complete bans for certain materials from landfill, as enacted in other EU member states, in order to contribute to achieving its waste minimisation targets (Cm. 7086, 2007). Thus, there is currently a disjuncture between the recycling PSA target, and the revised Waste Strategy, and contrary to the underpinning principles detailed in Chapter 4, the government's recycling PSA commitment has not been the sole driver of strategic policy-making, existing alongside a range of sometimes competing statements on policy. Academic discourse suggests that this has occurred across a range of policy areas, as the PSA system joins, rather than replaces, multiple systems of priority setting within government, including the Queen's Speech, manifesto commitments, White Papers and other policy documents (James, 2004, p. 404). This multiplicity risks the sort of conflicts

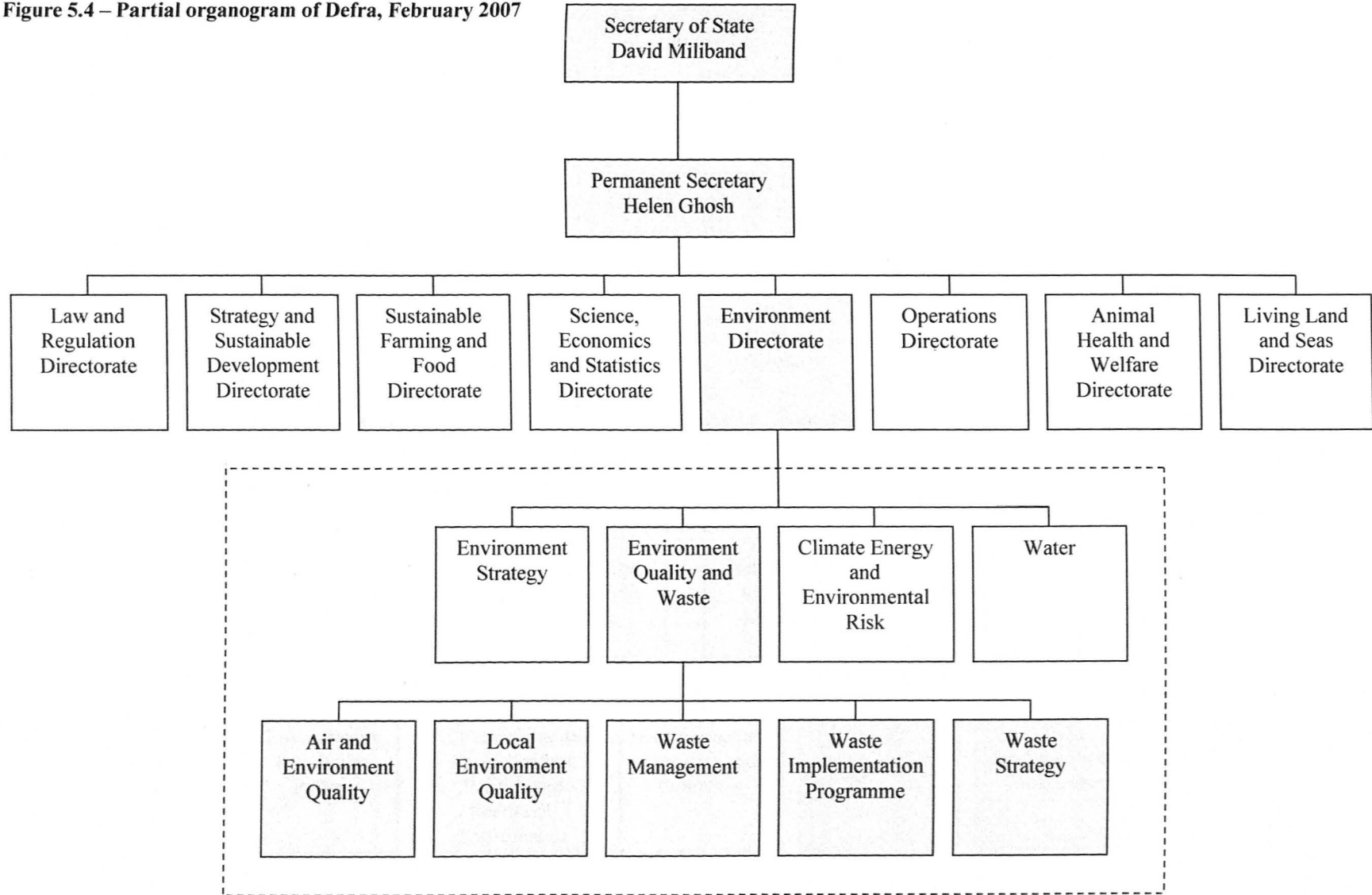
outlined above and potentially dilutes the impact of the regime as a driver of strategic priorities across Whitehall.

5.3.2 – The role of Defra as the lead department and its delivery agency

Whether cross-cutting, jointly held or falling under the auspices of a single department framework, all PSA targets have a designated lead department responsible for ensuring its translation into policy and the delivery on the ground, as shown in Chapter 4. Accordingly, Defra leads on the recycling PSA as part of its overall responsibility for the government's sustainable waste management programme, its overarching leadership role embedded in its *Five Year Strategy* (Cm. 6411, 2004, p. 9). The internal structure of Defra has been configured to reflect this strategic role. Recent years have witnessed concerted efforts within Defra to improve its organisational structure to deliver on waste management, reflecting the degree of prioritisation afforded to the issue within the department, and the internal structure has evolved accordingly (HC 72-I, 2003, Q. 2). In 2002, for example, the Strategy Unit suggested that a 'dedicated policy unit, supported by a greater level of legal advice, a waste delivery unit and a team of technical experts' should be established within Defra, to ensure a 'more proactive approach to waste at the centre of government; more effective management of waste funds; and the timely implementation of EU directives' (Strategy Unit, 2002, p. 107). In response, the Waste Implementation Programme (WIP) was established in May 2003 within the Environmental Quality and Waste Division with an overarching objective to divert biodegradable municipal waste from landfill. Whilst WIP has a broader focus than recycling and composting, its engagement with LAs through its Local Authority Funding and Support work streams was anticipated to have 'a strong positive impact on the achievement of Defra's Public Service Agreement targets', and a 'substantial effect on local authority performance in the short to medium term' (Cm. 5919, 2003, p. 60; Cm. 6219, 2004, p. 57). Thus, by June 2007, responsibility for sustainable waste management was located with the Environment Quality and Waste Division within the Environment Directorate, with three sub-divisions of the Division being responsible for different aspects, as detailed in figure 5.4. In June 2007

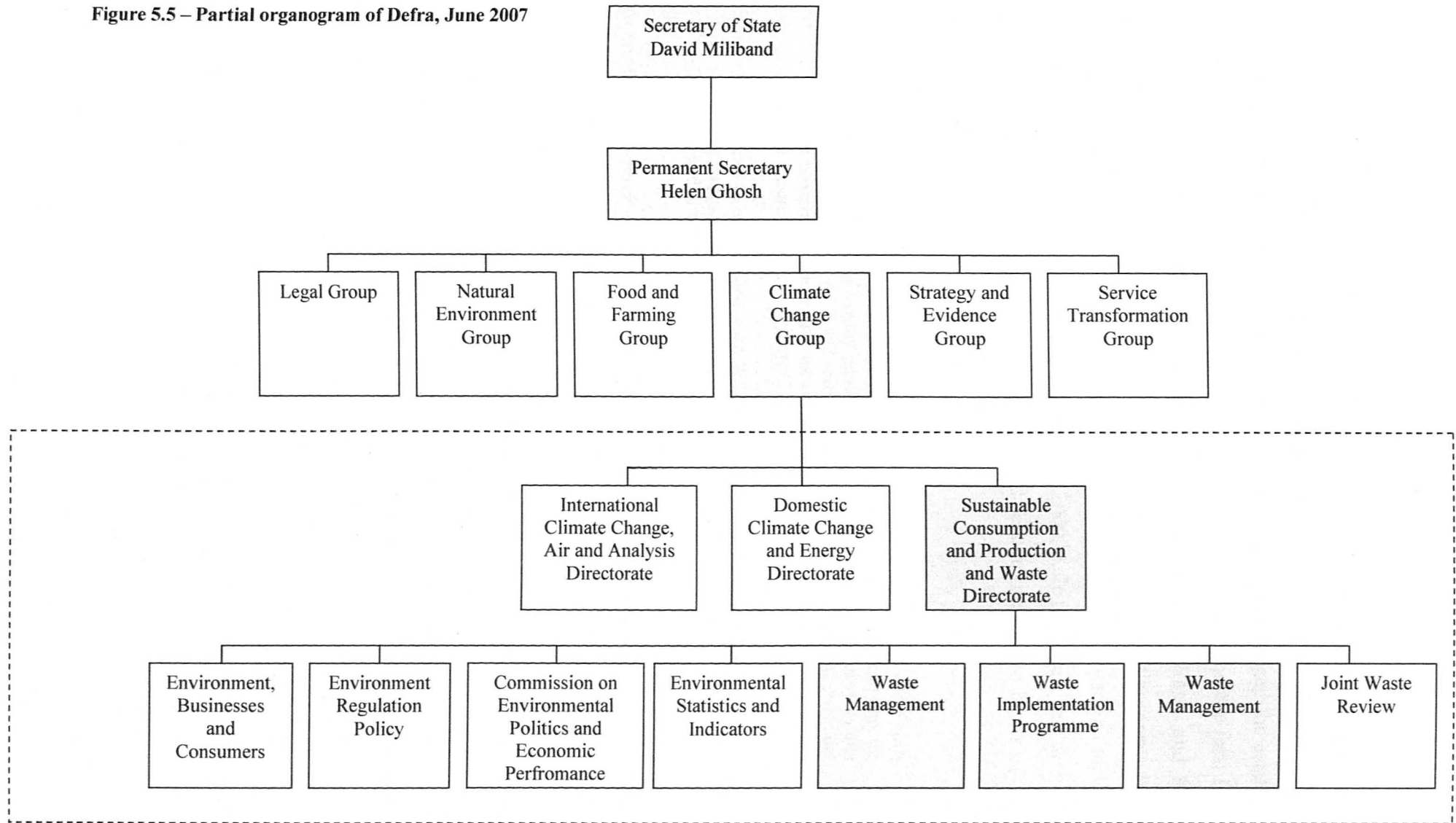
Defra's internal structure was subject to extensive overhaul. At the sub-division level there was no change, and the three units charged with delivering on sustainable waste management remained. The most significant change was at the directorate level, wherein the Environment Directorate was replaced by the Climate Change Directorate, thus reflecting the acknowledged main driver of the government's environmental policy programme, the impact of which is examined in detail in Chapter 6 (figure 5.5). Accordingly, there was marked a shift in sustainable waste policy from an underpinning emphasis on resource efficiency to its role in tackling climate change, evident throughout the revised Waste Strategy. Indeed, one senior Defra official suggested that climate change was increasingly the most significant driver of waste policy (interview, 11 July 2007).

Figure 5.4 – Partial organogram of Defra, February 2007



Source: <http://www.defra.gov.uk/corporate/who-are-we/organisation-chart.pdf>, last accessed 22 February 2007.

Figure 5.5 – Partial organogram of Defra, June 2007



Source: <http://www.defra.gov.uk/corporate/who-are-we/organisation-chart.pdf>, last accessed 10 November 2007

Whilst Defra is ultimately responsible for the success of the recycling PSA target, many delivery functions are exercised outside the department's immediate scope. To improve the Department's grasp on delivery, the 2000 Waste Strategy announced the establishment of a dedicated delivery unit. Jointly funded by WIP within Defra and the then DTI, with additional contributions from the devolved administrations, the Waste and Resources Action Programme (WRAP) was launched in 2002 as a not-for-profit company limited by guarantee, with an aim to 'overcome market barriers to promoting re-use and recycling' by engaging with industry and business (Cm. 4693-1, 2000, p. 26). Indeed, one former DETR official suggested that its creation was an explicit recognition of the limits of centrally-driven delivery

At that time I had four people working for me on recycling and they spent most of their time writing letters to people saying you could use your yoghurt pots for seedlings, which is not really up to the scale of the problem. It was obvious that if we were going to get in and sort out all the things that were stopping recycling from happening... then what we needed to do was create a body of people who were expert and knew their stuff, had the appropriate skills, and were likely to stay around for a few years to create a stable capability. So that's why we decided to create a body like WRAP, because you weren't going to get any of those things inside the civil service – that wasn't the way that the civil service operated (interview, 23 October 2007).

Accordingly, WRAP has worked with a range of stakeholders including the retail sector, business and industry to improve the market for recyclates, its record on which being described as 'impressive' (HC 385-I, 2003, p. 22). Increased funding from WIP in 2003 extended WRAP's remit to 'address the challenge of household waste minimisation, improving public awareness of recycling and waste reduction, and supporting local authorities in improving their recycling performance', by engaging with LAs and directly with householders (HC 102, 2004, pp. 171-4). The work of WRAP has been intrinsic to the government's PSA commitments, its main achievements include raising public awareness so that an additional 14 percent of the population now consider themselves to be 'committed recyclers'; supporting over 280 LAs to increase participation in recycling schemes; providing grants to retailers to enable them to encourage householders to recycle; and distributing over one million home composting bins across England (Defra, 2006a, p. 26). WRAP's existence beyond the formal structure of Whitehall, the distance of which being reinforced in 2007 by its reclassification as a private company by the Office of

National Statistics (WRAP, 2007, p. 2), reflects the increasing dichotomy between the design and implementation of policy. Nonetheless, whilst delivery functions are increasingly exercised beyond the parameters of Whitehall, they are executed within an overarching framework of strategic direction and accountability determined by central government, in many ways demonstrating the emergence of a system of meta-governance, as described by Jessop (1998).

5.3.3 – *The impact of other departments*

The terminology of the PSA framework, with its distinction between departmental, joint and cross-cutting objectives, suggests that a departmental PSA target would be owned and delivered by a single department. However, despite Defra's sole ownership of the government's recycling PSA, the remit of several other Whitehall departments impinge upon sustainable waste management, which renders their co-operation crucial, in turn reflecting the principles of JUG pursued by the government, as discussed in Chapter 3. This was stressed by a senior Defra official, who stated that 'the amount of interaction we have with other departments is very, very large and very, very crucial', citing its engagement with BERR, the Department for Communities and Local Government (CLG) and the Treasury (interview, 10 July 2007). In particular the work of BERR is intrinsic to the delivery of Defra's PSA commitments, as its links with business and industrial stakeholders render it well placed to deliver on the producer responsibility aspects of both European and domestic policies. Regarding the implementation of the Packaging and Packaging Waste Directive, for example, BERR leads on single market aspects, EU negotiations and the UK's domestic *Packaging (Essential Requirements) Regulations 2003* (as amended), whereas Defra leads on all other aspects of domestic implementation of the Packaging Directive, including the setting of recycling and recovery targets, through the *Producer Responsibility Obligation (Packaging Waste) Regulations 2007*.³⁵ As aspects of BERR's departmental programme impinge upon the success of the government's PSA recycling commitments, Defra has sought to ensure close collaboration between the two to

³⁵ www.dti.gov.uk/innovation/sustainability/packaging/page29072.html, last accessed 1 March 2007.

deliver on recycling, for example jointly funding WRAP, which also has an explicit dual focus on producers and consumers. Another important joint initiative is the Business Resource Efficiency and Waste (BREW) Programme, which seeks to complement the work of WIP on tackling municipal waste by engaging specifically with manufacturers to promote 'design processes which minimise waste and improve the recycling potential of products, and encourage better integration of waste management' by offering project-based support (Cm. 6411, 2004, pp. 31-2). Whilst the BREW Programme's scope is broader than the government's PSA commitments, there are a number of funding streams within the programme that aim to tackle domestic waste at source, which do impact upon progress towards the PSA target. Through the BREW Programme, WRAP has sought to engage with business and retailers, for example embarking a major new initiative in 2005 to expand and upgrade recycling facilities at supermarkets to start in 2005, launching a new 'front of store' recycling programme to fund trials to inform the development of the new retailer initiative (Cm. 6411, 2004, pp. 31-2).

The CLG is another key delivery partner, its responsibility for national land-use policy decisions, including guidance on the location and operation of municipal waste management facilities, enabling it to shape the waste disposal landscape in favour of the government's recycling objectives (Cm. 6537, 2005, p. 90). Indeed, the role of the planning system in the delivery of such sustainable development outcomes was encapsulated in a CLG PSA target

The planning system to deliver sustainable development outcomes at national, regional and local levels through efficient and high quality planning and development management processes, including through achievement of best value standards for planning by 2008 (Cm. 6238, 2004, p. 18).

The planning system has been subject to several reforms in recent years, which reflect its influence upon sustainable waste management, whilst improving its ability to deliver. In 2005, for example, Defra and the then ODPM worked together to revise the existing Municipal Waste Management Strategies and Planning Policy Statement, with an aim to 'to deliver sustainable development and a better match between the waste communities

generate and the facilities needed to manage this waste' (Cm. 6537, 2005, p. 90). The new Statement thus provided a 'more integrated, simpler and effective framework for making sure communities are supported by more sustainable, modern waste facilities', with the waste hierarchy being at the heart of all planning decisions made (Cm. 6827, 2007, p. 76). The importance of the planning system in sustainable waste management was also stressed in the CLG's recent White Paper, *Planning for a Sustainable Future*, and amongst its extensive proposals regarding a new planning system for major infrastructure projects is a commitment to further improve the planning process for sustainable waste treatment sites, such as recycling centres, by streamlining procedures and affording LAs greater decision-making powers, reflecting the devolutionary agenda for LAs outlined in Chapter 3 (Cm. 7120, 2007).

Furthermore, the CLG is responsible for the local performance framework, which plays a crucial role in driving the government's key issues up the local agenda. Throughout the various incarnations of the local performance framework, sustainable waste management has featured as a core issue, reflecting the key delivery functions of LAs with regards to municipal waste collection and disposal. Since its introduction in 2000, a range of Best Value Performance Indicators (BVPIs) have featured under the Best Value framework, all of which focus specifically on the collection and disposal of household waste, as detailed in table 5.4. The link between the BVPIs set and the government's PSA commitments is implicit, suggesting a coherency of aims and objectives between the national and local performance frameworks. From the outset, the Best Value framework stressed that 'in setting targets, authorities should have regard to the national Waste Strategy' (ODPM, 2000b, ch. 10). Whilst the majority of BVPIs remained simple performance indicators, with no formal obligation attached to them, statutory performance standards for each LA regarding the proportion of household waste that is recycled or composted were attached to the first two BVPIs, directly mirroring the government's national PSA commitments following their introduction in the 2002 SR (ODPM, 2002, p. 64). Indeed, despite the relatively large number of BVPIs generated from the government's national headline target, the sort of overload upon service providers associated with the snowballing of

targets, described in Chapter 3, does not appear to have occurred in relation to sustainable waste management. The coherency of the national and local performance frameworks was stressed by a number of LA actors, who suggested that the range of BVPIs related directly back to the national PSA commitment, as they were required to take the measurements as part of their reporting requirements under the WasteDataFlow system, which avoided any duplication of efforts and mitigated against overload (interviews, October 2007).

Table 5.4 – BVPIs relating to sustainable waste management

Indicator	Measurement
BVPI82a	Total tonnage of household waste arisings – percentage recycled
BVPI82b	Total tonnage of household waste arisings – percentage composted
BVPI82c	Total tonnage of household waste arisings – percentage used to recover heat, power and other energy sources
BVPI82d	Total tonnage of household waste arisings – percentage landfilled
BVPI84a	Kg household waste collected per head
BVPI84b	Percentage change from the previous financial year in the number of kilograms of household waste collected per head of the population
BV86	Cost of waste collection per household
BV87	Cost of waste disposal per tonne of municipal waste
BV90	Percentage of people satisfied with a) household waste collection, b) waste recycling, and c) waste disposal [as amended in 2003]
BV91a	Percentage of population resident in the authority's area served by a kerbside collection of recyclables [as amended in 2005]
BVPI91b	Percentage of households resident in the authority's area served by kerbside collection of recyclables [as amended in 2005]

Source: ODPM, 2000b, ch. 10; ODPM, 2003b, ch. 9; ODPM, 2005a, pp. 131-54.

The local performance framework is currently undergoing an extensive process of overhaul, with all performance indicators being replaced by a single set of national indicators which come into effect in 2008. In accordance with the emphasis upon streamlining the performance framework, there will in future be three national indicators

- NI 191 Residual household waste per head Defra DSO
- NI 192 Household waste recycled and composted Defra DSO
- NI 193 Municipal waste landfilled (CLG, 2007, p. 11).

As with the BVPIs, the new national indicators remain without formal obligations attached, and although LAs are required to adopt a maximum of 35 indicators as local priority targets within their Local Area Agreements (LAAs), there is no obligation to include a target on recycling. However, a senior official in WRAP did suggest that WRAP would exercise a challenge function on behalf of the CLG vis-à-vis LAs who were poorly performing on recycling, stating that WRAP would be 'trying to identify which authorities ought to be having a target and trying to suggest what that target might be', particularly in areas where recycling 'hasn't reached the level of corporate interest' (interview, 22 October 2007).

The final department with significant importance for Defra's PSA commitment is the Treasury, its unique access to economic levers affording it a crucial role in determining the strategic framework within which many policies are designed and implemented, including sustainable waste management (Holliday, 2000; Deakin and Parry, 2002). Through the Budget process, the Treasury is responsible for determining the rate of landfill tax payable, which has been perceived as one of the principal tools in ensuring progress towards the UK's domestic commitments under the PSA framework and European commitments under the Landfill Directive (HC 342, 2007, p. 187). It is also responsible for redistributing the revenues back to LAs as part of its responsibilities for local government finance. The Treasury also works in conjunction with Defra to deliver the LATS, which seeks to incentivise LAs to achieve the targets set under the EU Landfill Directive by setting decreasing landfill allowances that LAs are free to trade, bank or borrow so that England can meet its overall landfill targets in the most effective way, with a penalty being imposed upon LAs at a rate of £150 a tonne if they exceed their targets (Cm. 6396, 2004, p. 49). It also created several targeted funding streams, intended to have a positive impact on the recycling PSA target. The 2003 Budget announced the Waste Management Performance Fund in England to provide incentives for LAs to 'deliver a step change in sustainable waste performance for all households' (HM Treasury, 2003b, para. 7.49), and in 2006/07 a total of £105 million was paid out by Defra to LAs to enable investment in their sustainable waste capacities (Cm. 7120, 2007, p. 42). Finally, the Treasury's overarching

responsibility for the utilisation and operation of PFI as a tool of public service delivery is crucial, as waste collection and disposal functions are increasingly put out to tender by LAs and delivered through private companies under PFI agreements; indeed all LA officials interviewed stated that their waste collection and disposal facilities were provided for through PFI, the majority of contracts being awarded since 2005 (interviews, October 2007).

5.3.4 – Cross-Whitehall co-ordination of a departmental objective

Whilst Defra is the target-owning department, it cannot deliver the desired target outcome in isolation from the broader Whitehall context, which renders the distinction between joint and departmental targets somewhat redundant in this instance. Accordingly, one of Defra's key leadership roles is to ensure a joined-up approach to waste and recycling by engaging with, and co-ordinating, all relevant partners across Whitehall to ensure clarity of aims. However, an active recognition of the diffusion of sustainable waste policy across Whitehall, and the need to equip Defra with suitable tools to lead on the issue, was conspicuously absent from the 2000 Waste Strategy, Defra's PSA documents and its twice-yearly departmental reports. As a result, Defra's leadership capacity has come under scrutiny. Evidence presented to the Strategy Unit in its review of the 2000 Waste Strategy argued that 'the lack of a single focus for waste policy has caused confusion, made coherent policy-making more difficult, and made it more difficult to make the case for waste to be treated as a priority for central government,' with several stakeholders calling for the split of responsibility between Defra and the DTI to end. Furthermore, the Strategy Unit suggested the diffused nature of waste management across Whitehall had made 'coherent policy-making difficult', which in turn had contributed to the historically low recycling rates and reliance upon landfill in the UK (Strategy Unit, 2002, pp. 8, 33-4). Similarly, the Environmental Audit Committee suggested that 'criticisms of poor co-ordination on waste policy at central government level litter our evidence', at odds with the principles of strategic leadership through centralisation detailed in Chapters 3 and 4, which had prevented a consistent message on sustainable waste being given by the centre, leading to

stakeholder confusion (HC 99-I, 2003, para. 86).

The perceived weaknesses in Defra's ability to co-ordinate sustainable waste policy across Whitehall had prompted a reconsideration of departmental responsibilities. The Strategy Unit, for example, recommended a 'strengthening of waste policy-making, strategic planning, technical, legal and other services available to Defra', coupled with a review to 'to assess the merits of focusing all waste policy in one Department' in order to improve the government's strategic leadership on the issue (Strategy Unit, 2002, p. 107). However, the Environmental Audit Committee suggested that whilst it 'recognised the frustrations' behind such calls, it could not 'endorse the proposal as a sensible option,' because difficulties in isolating waste policy 'would lead to further upheaval in the structure of Government' (HC 99-I, 2003, para. 86). Indeed, then Environment Secretary Michael Meacher suggested that the involvement of several departments in waste policy ensured its embeddedness across Whitehall

I do not think that is an issue which is just to be orchestrated from one department. It is, to use this awful word, but it is very meaningful, "mainstreamed"... So it is not just one body... which is in control of this policy, it is something that we have to mainstream across all relevant organisations, and we are doing our best to do so (HC 385-II, 2003, Q. 352).

In response to the Strategy Unit's recommendations, the Cabinet Office considered whether a change in departmental responsibilities was required to improve co-ordination on waste issues. It suggested that whilst major changes to departmental boundaries were unnecessary, it was 'essential' that departments worked 'very closely together on waste, drawing on their wider responsibilities', with clear leadership being provided by Defra as the overall owner (Defra, 2003a, pp. 83-4). However, despite the recommendations of the Cabinet Office, stakeholder evidence given as part of Defra's consultation on the 2000 Waste Strategy suggested that several barriers to progress remain, including a lack of resources and expertise within Defra itself; an apparent lack of a clear, coherent and joined-up policy on sustainable waste management and resource efficiency between different parts of government; and a lack on integration between waste and the government's wider policy

agenda (Defra, 2006c, pp. 83-4).

Through this consultation process, Defra acknowledged that there were both institutional and strategic shortcomings regarding its ability to co-ordinate and lead on waste policy across Whitehall (Defra, 2006c, p. 83). In response, Defra pledged that it would seek to incorporate the lessons learnt into the revised Waste Strategy, which accordingly stressed that ‘the government is determined to provide effective leadership in delivering this Waste Strategy’ (Cm. 7068, 2007, p. 104). Complementing the reorganisation of Defra to improve its focus on strategic priorities (figure 5.5), the Strategy established an inter-departmental Sustainable Waste Programme Board, which reports directly to the lead Defra Minister on waste. Chaired by the Defra lead Director for Sustainable Consumption and Waste, the Board consists of senior Defra officials, senior officials for interested government departments, notably BERR, the CLG and the Treasury; the Environment Agency; and a representative of LA interests to work closely with key delivery bodies. To drive and co-ordinate waste policy across Whitehall the board exercises several functions, including monitoring and evaluating the implementation of the strategy; providing advice and support and direction to government and delivery organisations; and develop responsive policy actions to ensure the trajectory towards the government’s sustainable waste goals. The strategic function of the Programme Board is complemented by a new Waste Stakeholder Group, comprised of waste stakeholders, including businesses, LAs and consumers, whose main function is to ‘provide advice and input to delivery of the strategy, and future development of policy and strategy’ (Cm. 7068, 2007, pp. 104-6). Although the Sustainable Waste Programme Board only went live in July 2007, it was praised by a senior Defra official for providing a ‘high-level strategic waste stakeholder forum for the strategic discussion on how well we’re implementing the Strategy and... barriers that we need to collectively address’ (interview, 10 July 2007). Indeed, when compared to the near-absence of co-ordination mechanisms that existed prior to the publication of the 2007 Waste Strategy, its establishment reflects the government’s increasing awareness of the cross-cutting implications of seemingly departmental responsibilities, suggesting that its

interest in wiring-up Whitehall extends beyond the prominence given in its first term, as detailed in Chapter 3.

5.4 – Delivery on the Ground

5.4.1 – The role of LAs in delivering sustainable waste services

Delivering the government's sustainable waste agenda on the ground involves numerous stakeholders, including manufacturers, the retail sector, individual consumers, and those with a commercial interest in developing recyclates into market products. The main stakeholders engaged in the delivery of the PSA target are LAs, whose responsibilities for municipal waste collection and disposal renders them crucial to its realisation, as well as the UK's obligations under the EU Landfill Directive. Beyond its service provision roles, LAs are also able to affect progress towards the government's PSA and broader waste commitments through their engagement and day-to-day interaction with local communities and households, as individual engagement and co-operation compliance is a crucial factor in the successful operation of any recycling schemes. Whilst the PSA target is an aggregate figure, based on the combined performance of all LAs in England, the government has recognised the varying circumstances affecting performance, in accordance with the emphasis upon freedoms and flexibilities detailed in Chapter 3, and the 2000 Waste Strategy provided for the establishment of individual statutory targets under the Best Value framework that combined would ensure that the national target would be fulfilled (Cm. 4693-1, 2000, p. 47). Thus, statutory performance standards for recycling and composting were established under the Best Value regime in March 2001, which were subject to revision in 2004 and 2006, with the current minimum performance standards being outlined in table 5.5. Within these broad standards, Defra and the CLG have worked with LAs to set individual targets and in determining these, the government stressed that targets would be 'set at a level to ensure that each authority contributes proportionately to the achievement of the national targets' (Cm. 6537, 2005, p. 83). Additionally, a number of LAs have sought further improvements in their performance against their targets by adopting a

complementary LPSA to drive performance beyond what would otherwise be the case for the 2005-8 monitoring period.³⁶ To close the ‘delivery loop’ and to ensure accountability, LAs report directly to Defra on progress made against their local performance targets through the WasteDataFlow system, which in turn feeds into the government’s national targets, as outlined in the Waste Strategy and the PSA target.

Table 5.5 – Performance standards for waste authorities

Authority’s 1998/99 recycling and composting rate	Minimum amount of waste which must be sent for recycling or composting in 2007/08
6% or less	Percentage of household waste sent for recycling and composting is at least 20% of all household waste collected.
More than 6% but less than 13%	Percentage of household waste sent for recycling or composting is at least treble that achieved for the financial year beginning on 1st April 1998, or at least 30%, whichever is the smaller.
13% or more	Percentage of household waste sent of recycling and composting is at least 30% of all household waste collected.

Source: Statutory Instrument No. 585, 2007, Article 11.

Whilst LAs are the main stakeholders involved in delivering on the government’s PSA commitment, their responsibilities largely focus on the post-production aspects of waste management, ensuring the effective collection and disposal of waste already in the domestic waste stream. This focus is complemented by the emphasis upon producer responsibility, important for the government’s PSA commitment and EU obligations, through which it can reduce overall domestic waste arisings whilst ensuring that products can easily be recycled by the consumer. Accordingly, the government has sought to engage with a range of commercial stakeholders, including business, industry and the retail sector. Nearly half of household waste landfilled is originally purchased from supermarkets, with around 20 percent of all rubbish being retail packaging. Indeed, the amount of household waste originating from the retail sector has risen by 16 percent from 1998, which reflects the ongoing challenges faced by the government in disaggregating economic growth from

³⁶ For details of all LPSAs that have been signed, please see <http://www.communities.gov.uk/index.asp?id=1134090>, last accessed 2 March 2007.

the growth in waste generated (Cm. 7086, 2007, p. 66). Whilst the business and retail sector are not formally incorporated into the PSA performance framework, there are a number of regulations in place at both the domestic and European level which stipulate statutory minimum standards, for example the Packaging and Packaging Waste and WEEE Directives. Beyond their role in tackling waste at source, the commercial sectors also have an important role to play in providing the end market for recyclates collected, as there is ‘there is little point in collecting materials for recycling unless there is a market and an end use for that material’, risking stockpiling, landfilling or incineration (HC 99-II, 2003, Q. 32). Indeed, the range of stakeholders involved reflect the extent that ‘[r]ecycling is a process, not a single event at the point of collection’ (HC 102, 2005, Ev. 27), thus an important role for the government is creating a workable framework for activity that incorporates and coheres all stakeholders around common objectives, which again resonates with Jessop’s conception of a system of meta-governance (1998).

5.4.2 – Supporting the local delivery of national priorities

Thus, the government has sought to create a broad framework for action, within which stakeholders are then free to determine the most appropriate delivery mechanisms, in accordance with the notion of ‘freedoms and flexibilities’ outlined in Chapter 4. At the macro-level a range of tools have been developed to shape the delivery landscape and the actions of stakeholders, including the legislative and economic tools outlined above. Complementing the overarching strategic framework are numerous sector-specific tools. A range of practical and financial instruments have been developed to enable LAs to deliver effective, tailored delivery solutions, in accordance with the government’s emphasis upon freedoms and flexibilities (Cm. 5664, 2002). In terms of practical support, the Local Authority Support Unit (LASU) within WIP’s Local Authority Support work-stream aims to ‘help local authorities overcome barriers to improve performance, so they can meet or do better than their targets for recycling and composting household waste,’ offering advice, grants and various other forms of support (Defra, 2005b, p. 7). WRAP also have an important role to play in LA engagement, establishing the Recycling and Organics

Technical Advisory Team (ROTATE) in June 2004 to provide 'support and advice on collecting dry waste that can be recycled and organic wastes' (Defra, 2005b, p. 14). WRAP has offered support to LAs regarding local communications and awareness campaigns that focus directly on increasing participation in recycling and waste minimisation initiatives, and has developed a toolkit that LAs can use to monitor and evaluate the success of their campaigns (Cm. 6537, 2005, p. 89). This complements WRAP's national work on household participation. However, LAs are free to determine the most appropriate means of public awareness raising, and are able to develop their own campaigns, tailored to local circumstances, or to piggyback onto the national programme developed by WRAP; in either instance full support is offered by WRAP (interview with senior WRAP official, 22 October 2007).

In terms of financial support, the bulk of funding granted to LAs to deliver on all waste and recycling targets comes from the Environment, Protective and Cultural Services (EPCS) block, which is administered by the CLG. The proportion of this to be spent on waste management, which includes street cleaning and litter responsibilities, is up to each LA to determine, in line with the notion of freedoms and flexibilities. Whilst the share of the EPCS block allocated to waste is unknown Defra estimated that for 2005-06 around £2,592 million was given over (Cm. 6219, 2004, p. 55). Indeed, to help meet rising waste management costs and the additional infrastructure required to deliver on the Landfill Directive, the 2004 SR injected an additional £800 million into the EPCS block by 2007-08 (Cm. 6827, 2006, p. 75). In addition, a wide range of targeted funding opportunities exist, as outlined in table 5.6. The LASU's programme of the Direct Consultancy Support, initially assist LAs in planning for the introduction of the LATS, later concentrating upon the areas of procurement, planning, waste strategy and waste composition (Cm. 6827, 2006, p. 76). The National Waste Minimisation and Recycling Fund (NWMRF) was established in 2002 to provide English LAs outside London with additional funding for a variety of projects to implement local waste minimisation schemes, and to improve recycling and composting performance, awarded through a competitive grants process. In 2005 the NWMRF fund came to the end of its life and was replaced by the Waste Performance and

Efficiency Grant (WPEG), intended to ‘support new and more efficient ways to reduce, reuse and recycle waste’ (Defra, 2005b, p. 6). The WPEG is complemented by Challenge Fund, which is to be used to ‘support local authorities to introduce more sustainable waste management practices and to help deliver the £299 million of efficiency gains’ following the recommendations of the Gershon Review. In particular £5 million of the grant has been ring-fenced to focus specifically on LA incentives for households to recycle and reduce waste, thus having a direct impact upon progress towards the recycling PSA target (HM Treasury, 2005, p. 165). Finally, the WIP also supports the expansion of new waste facilities within LAs through PFI, market development and planning improvement, as the SR 2004 distributed an extra £275 million of PFI credits (which contribute to payments for contracts) for waste PFI projects, above the £355 million available from the SR 2002 (Defra, 2005b, p. 5).

Table 5.6 – Examples of funding to support improved waste management and recycling

Area	2005-06 £ millions	2006-07 £ millions	2007-08 £ millions
WIP/WRAP	92.0	65.0	60.0
Challenge Fund	45.0	n/a	n/a
WPEG (from 2005)	45.0	105.0	110.0
PFI Credits	130.0	255.0	280.0

Source: Cm. 6827, 2006, p. 74.

There are also sanctions in place to deter against poor performance, and in accordance with the overarching principles of the PSA regime outlined in Chapter 4, the Secretary of State for Defra retains the power to intervene if performance slips below acceptable levels. However, Defra had maintained that these powers should

only be used as a last resort, and in this case, in order to obtain an improvement in service delivery. For example, such intervention may require a LA to re-evaluate its waste management strategy, or to reprioritise, or could involve removal of the waste management function from that authority (Cm. 5542, 2002, p. 11).

Furthermore, Defra stressed the non-punitive nature of any central intervention

Defra's strategy for improving local authority performance is based on empowerment and support rather than punishment. The aim is to help local authorities help themselves and each other to deliver improved services (Cm. 5542, 2002, p. 11).

However, stilted progress against the recycling PSA and the 'significant challenge' presented by the obligations of the Landfill Directive led Defra in 2005 to issue a stern warning to all LAs, stating that it was 'vital that the waste management performance of all authorities should continue to improve' (Cm. 6537, 2005, p. 89). Defra accordingly took several steps to drive up performance, including promoting the sharing of best practice and formally challenging the worst performers, stating that its ministers would be ensuring that 'they receive the right support or, if they continue to demonstrate no commitment to improvement, to take stronger action' (Cm. 6537, 2005, p. 89). Interview evidence also suggests that the Government Office in the Regions (GO) plays an important part in providing this challenge function, for example in providing a targeted programme of support and advice for those LAs who are failing to achieve their statutory targets (interview, 11 October 2007). However, the net effect of these statements reflect a certain degree of ambiguity regarding the existence and application of sanctions upon failing LAs, which reflects the inconsistencies highlighted in Chapter 4, which potentially impinges upon the overall capacity and gravitas of the PSA framework.

In engaging with the commercial stakeholders, the government has developed a toolkit based upon positive support and voluntary compliance, which reflects the government's lack of leverage over stakeholders beyond its immediate sphere of influence. A range of voluntary producer responsibility agreements exist, the most significant of which is the Courtauld Commitment, introduced in 2005. Through the Courtauld Commitment, WRAP works with the major grocery organisations to develop innovative packaging solutions that reduce packaging waste and improve its recoverability 'so that less rubbish ends up in the household bin.' To date, signatories represent over 90 percent of the UK grocery market, setting themselves a range of waste reduction and recycling targets, and whilst the first

reporting period does not end until 2008, the Commitment appears to be effective, acting as a ‘powerful vehicle for change and will result in real reductions in packaging and food waste.’³⁷ Indeed, the 2007 Waste Strategy seeks to role out Courtauld Commitment to non-food retailers to encourage a commitment to waste reduction. A range of similar agreements exists across other sectors, for example the government concluded agreements with the Newspaper Publishers Association, the Periodical Publishers Association, and the Direct Marketing Association to increase the recycled content of newspapers, magazines and direct mailings (Cm. 7086, 2007, pp. 52-3). An important role for WRAP is in promoting widespread retailer and business engagement in accordance with the principle of producer responsibility. WRAP’s Waste Minimisation Innovation Fund, for example, supports retailer-led research projects to reduce household food and packaging waste through light-weighting and innovative designs, thus making a contribution to the recycling PSA, whilst enabling retailers to fulfil their obligations under the EU packaging directive and the associated domestic regulations (Cm. 7086, 2007, p. 61). WRAP also leads on ensuring the existence of viable end-markets for recyclates and recycled products, working to remove market barriers to recycling and create new markets for recovered materials. Again, WRAP’s work is based on a partnership approach, as it seeks to ‘maintains constant dialogue with key stakeholders in the resource industries to ensure that our programmes remain close to business need and relevant to current challenges’ (Memorandum of Evidence, WRAP, HC 102, 2005).

5.4.3 – The success of national interventions to ensure local delivery

As table 5.1 illustrates, there has been a marked improvement in household recycling rates since the introduction of statutory recycling targets following the publication of the 2000 Waste Strategy. Indeed, progress against the current PSA target appears assured as the commitment to recycle 25 percent of household waste by 2005-6 has been exceeded, with further improvements anticipated by 2008. However, as these figures represent an aggregate of recycling rates across all English LAs, performance has varied across the

³⁷ http://www.wrap.org.uk/retail/courtauld_commitment/index.html, last accessed 17 December 2007.

country according to local circumstances with individual statutory targets being met with varying degrees of ease, as table 5.7 illustrates, although to drive up local performance, Defra has stated that all LAs must achieve a minimum of 20 percent by 2008 (Defra, 2007a, p. 43). The below figures are purely illustrative, as overall, 66 percent of English LAs met or exceeded their Best Value targets for 2005/06. Nonetheless, they do reveal the extent to which performance varies across the country.

Table 5.7 – Examples of local performances against individual statutory household recycling targets

LA	Target 2005/06 (%)	Result 2005/06 (%)
Forest Heath	30	46.1
Colchester	30	30.1
Croydon	30	16.2
South Cambridgeshire	24	49.4
Walsall	24	24.2
Swale	24	14.6
Vale Royal	18	41.9
Barrow-in-Furness	18	18.7
Tower Hamlets	18	8.9

Source: <http://www.defra.gov.uk/news/2006/061215a-table.pdf>, last accessed 18 December 2007.

Whilst the factors against performance are multiple and varied, based as much on local circumstance as unforeseen limitations of central intervention, it is possible to detect some common themes. There have been numerous complaints on the ground that insufficient resources have inhibited LA progress towards the government’s sustainable waste management goals, as illustrated in evidence to successive Select Committee reports (HC 418-I, 1998; HC 36-II, 2001; HC 659, 2002; HC 99-II, 2003; HC 102, 2005). Whilst complaints regarding financial resources are not confined to this field, the extensive infrastructure that LAs are required to develop or maintain in order to achieve the government’s household waste recycling targets renders the issue particularly acute. Indeed, in 2001, the Environmental Audit Committee suggested that the government had

failed to adequately reflect these capital costs in its financial planning, thus jeopardising progress against its targets (HC 36-I, 2001, para. 62). In response, the government pledged that over the period of the 2000 SR financial support for LAs would rise significantly, including a £140 million ring-fenced fund for waste and recycling, and £220 million towards the development of PFI waste schemes (HC 659, 2002, para. 39). Indeed, the resources granted to LAs have increased over successive reviews, including the introduction of a WPEG worth a total of £260 million and the allocation of £655 million towards waste infrastructure PFI schemes over the course of the 2004 SR (see table 5.6). However, interview evidence suggests that a perception remains amongst LA actors that the government has failed to provide sufficient resources and that policies continue to be developed without realistic economic costings

Money is a huge problem... They're tightening up on our purse strings and then expecting us to do more and more, and there just isn't the capacity there to do what they want (interview, 30 October 2007).

For all local authorities, the funding is being cut back... and we haven't got enough money – nobody's got enough money – to be able to do all of this. The government tops that up, and has topped it up, by giving us various grants. [However] they don't give competitive grants anymore like they used to, and the grants system that replaced that has finished this year for local authorities (interview, 10 October 2007).

Another senior LA official suggested that the government's aspiration of revenue-neutral schemes, such as the proposed household incentives scheme, was also flawed, as the complexity of administration and implementation would render it impossible to run such schemes on a revenue-neutral basis (interview, 11 October 2007).

The effectiveness of Defra's role in providing strategic leadership on the ground has also been challenged. One LA official criticised Defra for adopting a 'one size fits all' policy approach, which failed to account for varying socio-demographics across England

[T]here's a lack of understanding as well at Defra level. I think they assume that everywhere is like the South East. They are very 'if it works there, then it will work everywhere', and I think they're slightly isolated from other areas. I think

they also sometimes have a lack of understanding of their own policy (interview, 30 October 2007).

This was reiterated by another official, who suggested that ‘central government is not responsive and that’s very political’, citing its ‘obsession with recycling, for almost recycling’s sake’, despite the lobbying efforts of their authority, as an example of Defra’s lack of engagement (interview, 11 October 2007). Indeed, such evidence suggests that despite the rhetoric of freedoms and flexibilities that has underpinned the government’s approach to delivery, as detailed in Chapters 3 and 4, government policy remains characterised by top-down, centralised decision-making, indicting a prevailing unwillingness on the part of the centre to ‘let go’ of the detail of policy design and delivery. Furthermore, it was suggested that Defra’s efforts were largely focused upon the poorest performers, which risked alienation and a potential disincentive to setting and meeting more challenging targets

Liverpool and Manchester have had support... and I think that’s because they were so poorly performing that they needed someone to come in, so they got help with that. In a way, I suppose we feel a bit penalised because we are so far ahead of the game... that we weren’t given as much support as we could have been (interview, 30 October 2007).

Such evidence, however, reveals the dilemmas faced by government in the event of poor performance, wherein it remains politically challenging to levy punitive sanctions upon public service providers as the greatest impacts will be upon public service users, as detailed in Chapter 4. Thus, the government has sought to complement its support offered through the work of GO, which provides practical support and early intervention in the event of underachievement. On the ground, however, there is ambivalence towards the role of the GO. Whilst one senior LA official suggested that the GO played a positive role in enabling their authority to have ‘influence’ and ‘good government links’, another suggested that ‘we’re hugely reliant upon them. I don’t think we’d miss them either way if they were there or not’ (interviews, 11 and 30 October 2007). However, all interviewees suggested that the GO was more visible than Defra, which again highlights the need for Defra to improve its on-the-ground profile in order to drive the government’s strategic objectives

across all aspects of the policy-making and implementation landscape, in accordance with the overall purpose of the PSA regime.

Yet it has also been suggested that the failure to devote sufficient time, resources and expertise to sustainable waste management has also been due to a lack of commitment on the ground. A senior official within WRAP, for example, stated that within many LAs waste is perceived as a minor aside compared to some of the more challenging problems faced locally

[T]heir management at a senior level... have been very focused on other bigger and more pressing problems. They haven't seen this as being the thing that is most important to them... they're dealing with some fairly intractable problems. If you've got gun crime on the streets, you can understand (interview, 22 October 2007).

However, the official added that despite the magnitude of such problems, 'that doesn't mean to say that they should be allowed to simply carry on doing that', stating that WRAP would offer additional support and resources to LAs facing such problems (interview, 22 October 2007). Similarly, interview evidence suggests that some LAs are wilfully disregarding the threat of sanctions against poor performance, for example senior officials within LAs and WRAP have suggested some are failing to take the potential fines under the LATS seriously

Some people think that the government will pay the European fines and they won't roll it through... The way [poorly performing councils] see it they're already poor and under-performing, so they can't afford to roll out the schemes... You can see what they're saying but they've had all these years to roll it out, and they've sat on their backsides, quite frankly, a lot of them (interview, 30 October 2007).

Some local authorities around think the government is going to be too chicken; they won't actually impose the fines, so there's one or two authorities that have decided they're going to call their bluff and see how they get on (interview, 22 October 2007).

As the first target period of the LATS is not until 2010, such evidence remains conjectural, however it does again highlight the dilemma faced by the government in issuing penalties

to public service providers. Whilst the failure to impose fines upon in upon LAs who miss their LATS targets would undermine the government's integrity and provide a disservice to the many LAs which have heeded the threat of financial penalties, their imposition would be politically challenging and would ultimately have the greatest effect upon the end-users of public services, as expenditure is cut back to absorb any fines imposed.

Indeed, a senior GO official suggested that numerous LAs have rejected the notion of freedoms and flexibilities because of the added dimension of local accountability it entails

[A] lot of the time people want freedom and flexibility, but then they want the government to tell people what to do. It's a tough message because then they don't have the freedom and they're being forced to take it, they can blame central government and not take the responsibility themselves (interview, 15 October, 2007).

Whilst LA respondents were keen to highlight the varying, tailored approaches adopted, which suggested a willingness in most instances to take advantage of the latitude afforded, they acknowledged that policy-making was not unfettered, with the views of local householders acting as a key driver

We won't be doing and won't be considering introducing things like alternate weekly collections. We asked the people if they would support it – we did a big public consultation exercise – and about 65 percent of the population said that they didn't want it, so we won't do it (interview, 11 October, 2007).

We didn't want to have any incineration in any of our strategy... It was in response to public opinion from the 2001 strategy and then councillors took a view that that was the way they wanted to go (interview, 30 October 2007).

Again, this demonstrates the extent to which LAs must strike the balance between electoral consideration and environmental 'goods'; indeed one LA official suggested that the issue of sustainable waste management 'can make or break a council, and has done so' (interview, 11 October, 2007).

5.4.4 – The appropriateness and risks of targets

A perceived risk of any target-based regime is that centrally-set targets often multiply as they cascade down to local actors on ground, resulting in overburden and the neglect of areas of activity beyond the scope of the target, as discussed in Chapter 4. Indeed, one LA official suggested that ‘we’ve had thousands of the flipping things; there’s more on waste than you can shake a stick at’ (interview, 11 October 2007). Despite this viewpoint, however, opinion on the ground generally suggests that the government’s strategic waste objectives have been effectively translated with little overlap or additional burden, with the local targets set through the Best Value process being relevant and complementary (interviews, October 2007). However, many respondents expressed disappointment with the target setting process, suggesting a distinct lack of engagement between LAs and the centre in determining target levels

[The] BVPIs [were] imposed. I’m not sure how much negotiation there was. With regards to the new LAA targets, there has been some talk with Government Office, but we haven’t really been that involved with them (interview, 10 October 2007)

They set it. We don’t agree it; they set. It is a top-down approach (interview, 11 October 2007).

I think it’s fairly top-down. With the targets we may not be under as much pressure, but I imagine if we were struggling then it would be more of an issue for us (interview, 30 October 2007).

Furthermore, one LA official from an overachieving authority criticised the imposition of recycling targets above the statutory requirements, suggesting that it ‘penalised the high performing, and it’s a disincentive’, making it difficult to secure approval for further resources from elected council members

We could go backwards and still be in front of the [statutory] targets. There’s no incentive to overachieve, because there’s a limit on budgets so you need to justify why you want to spend more money, and if you’re doing what you should be doing; and the members need to save money, then it is very difficult to justify why you need to spend more money (interview, 30 October, 2007).

Such evidence runs counter to the devolutionary agenda of the government detailed in Chapters 3 and 4, based upon freedoms, flexibilities and the notion of earned autonomy,

suggesting that the anticipated ‘bonfire of the old input, interventionist, departmentalist controls over front line public service managers’ (Brown, 2003) has failed to occur, as the centre remains reluctant afford service providers on the ground meaningful involvement in the targeting process.

Target-based regimes also risk the occurrence of perverse behaviours such as gaming and blame avoidance, as those charged with delivery come under pressure to ensure the fulfilment of the target’s goals (Hood, 2006). In some instances, there is even evidence of service providers neglecting other areas of their responsibilities for which they are not directly measured, as discussed in Chapter 4. The relative coherency of the government’s sustainable waste agenda and its associated targets has meant that there is little evidence of the latter, more invidious, form of perverse behaviour, nonetheless a few examples of low-level gaming exist. The collection of garden waste, for example, was highlighted by a senior official with WRAP as one way that LAs have sought to positively distort their performance, collecting something that would otherwise not be collected, simply to provide an immediate boost to recycling rates, whilst placing extra stress on a system already under pressure for costs (interview, 22 October 2007). This example of gaming has been further compounded by the exclusion of home composting from local targets, a situation described by the Environmental Audit Committee as ‘unacceptable’, providing ‘no incentive for local authorities to encourage this, the most desirable form of composting’ (HC 36-I, 2001, p. 86). The increased focus upon waste minimisation in the revised Waste Strategy has prompted the government to review the exclusion of home composting, as it potentially offers an economically efficient way of diverting municipal waste from landfill, provided that LAs ‘can report robust and verifiable estimates’ (Cm. 7086, 2007, p. 36). However, this was described by one senior LA official as a ‘fiddle’, stating that ‘if it’s not in the waste stream now, why would it be in the waste stream in the future?’ (interview, 11 October 2007).

Looking to the future, there are mixed opinions regarding direction of the revised 2007 Waste Strategy and the new local government performance framework. One senior LA official suggested that focus upon wider waste in the strategy precludes meaningful involvement from LAs

[C]ouncils can't get involved in wider waste because we haven't got the resources, the money or the levers. So it's all well and good setting the policy up there, but we have no way of implementing it on the ground (interview, 30 October 2007).

Another local official stated that the continued emphasis upon recycling in the new local performance framework was questionable, suggesting that the reliance upon recycling could be at odds with other aspects of the government's environmental agenda

I still think that the government's hell-bent in having a recycling target because it's popular and because they're expected to, and because recycling is higher up the waste hierarchy and people want to be seen to do it... We have real difficulty with recycling-based targets per se... we have real issues about the idea of sending out a fleet of lorries to collect a load of stuff, and what that would do to [our] carbon footprint because the carbon footprint is what's driving us at the moment (interview, 11 October 2007).

Whilst the new performance framework will not be rolled out until April 2008, such evidence would suggest the potential for tension both within the government's sustainable waste agenda and across its environmental policy as a whole. This will render Defra's role as the guardian and driver of these policy areas increasingly important, and it is therefore crucial that Defra improves its communication with those engaged in policy on the ground to ensure its successful, coherent and effective implementation.

5.5 – Conclusion: Recycling as a Multi-Level Policy Area

On the surface, the recycling PSA target presents the issue as one wherein there is clarity and transparency, Defra's sole ownership of the target and the identification of LAs as the single body of delivery suggesting a linear, top-down policy development and

implementation process. This characterisation, however, belies the complexity of recycling as a policy area, such as its relationship to the broader issue of sustainable waste management; its contingency upon the overarching European legislative framework; the impact of the policy agendas of Whitehall departments beyond the scope of the target; and the number of relatively disparate stakeholders that impinge upon the target's delivery. It could be argued that the failure of the recycling PSA target to capture this complexity indicates weakness in the design of the PSA framework, affecting its capacity to drive the government's strategic outcomes across the delivery matrix. However, analysis has shown that in this instance, the PSA target is complemented by the government's overarching Waste Strategy which incorporates its EU and domestic policy commitments. In many respects, the PSA target also has value as a proxy for the wider sustainable waste agenda, its focus on household waste reflecting the government's relative access to the necessary levers of delivery. Whilst this is at odds with the notion that the PSA framework acts as the main driver of service delivery, the relative coherency of the government's sustainable waste agenda has ensured a clarity of aims both within Whitehall and on the ground, enabling progress towards the government's objectives. This is evidenced by the achievement of the first part of the recycling PSA target, and the on-target progress towards its second aspect.

Throughout this chapter, a further factor affecting progress towards the target has been highlighted, which was not accounted for in the original design of the PSA framework; the extent of individual co-operation and engagement. In the context of sustainable waste management, effective public engagement and participation is key to delivery, as an absence would render it impossible for the government to achieve its PSA objective. This has necessitated a delicate balance to be struck between environmental 'goods' and electoral consideration at both the national and local level, reflected, for example, in the unwillingness of central government to introduce a charging scheme for householders despite evidence from overseas of the success of such schemes (Cm. 7086, 2007, p. 37). Yet, despite the electorate's apparent commitment to the principle of recycling (WRAP, 2007, p. 12), invoking the necessary behavioural change has proven challenging because it

imposes a relative degree of inconvenience upon participants, which is likely to be exacerbated as the emphasis shifts to waste reduction (interview with senior WRAP official, 22 October 2007). This reveals a disjuncture at the heart of policy-making and implementation, wherein increased expectations of the electorate in terms of the scope of government are countered by resistance on the ground to many policy measures such as alternate weekly collections or charging schemes, which will be analysed in detail in Chapter 8.

Thus, the issue of sustainable waste management, within which recycling represents a distinct subset of policy, is an area that can be accurately described as multi-level in its scope, affected by interventions across all policy arenas from the supra-national to the local and requiring the engagement of a multiplicity of both state and non-state, aggregate and individual actors. Rather than suggesting a diminished role for central government, the function of government in this context is to steer this multi-faceted policy matrix to achieve its intended outcomes by setting the overarching framework within which delivery occurs, indicating the emergence of a system of meta-governance as identified by Jessop (1988). In this respect, clearly defined strategic leadership is key at all intervals, requiring central government to maximise its resource advantages vis-à-vis alternate state and non-state actors. However, whilst the government retains the capacity to define the overarching framework, its dependence on a range of stakeholders at varying distances from its auspices introduces a degree of asymmetric mutuality (c.f. Marsh et al, 2003), which must be recognised by all parties involved if policy is to be implemented effectively, and unintended consequences or perverse behaviours avoided. Herein lies the real challenge, as it requires central government to meaningfully devolve responsibility for policy implementation and stakeholders to acknowledge their direct role in service delivery, accepting accountability where appropriate. Such issues necessitate detailed analysis in Chapter 7 to determine their fit with the underpinning principles of the government's reform agenda and the principles of the PSA regime itself, as highlighted in Chapters 3 and 4, and their relationship to the theoretical perspectives of the contemporary British state detailed in Chapter 2. Before moving onto such detailed analysis, the issues highlighted by

this chapter shall be complemented by the second case study analysis of Chapter 6, which focuses upon the government's PSA commitment to mitigate against climate change. Whereas this chapter has focused on a relatively linear, coherent standalone policy commitment, climate change is diffused, multi-faceted and complex, reflected in its shared ownership at the Whitehall level and multiplicity of state and non-state actors crucial to the realisation of its extensive associated policy goals. Taken together, the different case study examples will provide a full rejoinder in Chapter 7 to all the theoretical and empirical issues highlighted throughout the course of this thesis.

Chapter 6 – Case Study Two: Defra, BERR, the DfT and Climate Change

Climate change represents a challenge to Government because it is uncertain, cross-cutting and long term. The potential impacts of a changing climate will affect a very wide range of policy areas across Government. The challenge is not only to ensure that policy-makers are aware of climate change, but also to develop a risk management framework and practical toolkit, ensuring that policy-makers identify clearly and take action on those issues on which proactive planning is needed in the short to medium term (Defra, 2003b, p. 2).

Above all, reducing the risks of climate change requires collective action. It requires co-operation between countries, through international frameworks that support the achievement of shared goals. It requires a partnership between the public and private sector, working with civil society and with individuals. It is still possible to avoid the worst impacts of climate change; but it requires strong and urgent collective action. Delay would be costly and dangerous (HM Treasury [The Stern Review], 2006c, p. 575).

Focusing on the standalone, linear policy issue of sustainable waste management, the previous chapter provided partial answers to the core questions of this thesis, highlighting the toolkit approach that the government has adopted to ensuring its steering and operational capacity. Complementing the findings of the previous case study, this chapter will explore the ways in which the government has sought to realise its climate change mitigation PSA target, jointly held by Defra, BERR and the DfT. Unlike the relative coherency that characterised the government's approach to recycling, climate change is an extremely multi-faceted policy area, wherein the policy landscape is complicated and diffuse, bringing in a range of stakeholders with multiple and overlapping spheres of responsibility. To explore the success with which the government has achieved its climate change objectives, and its implications for the capacity of central government, this chapter will employ the common framework of analysis detailed in Chapter 4, proceeding as follows. The international context of climate change shall be focused upon, considering the impact that the inherent internationalisation of the issue has had upon the government's policy commitments. Against this, the effectiveness of the core executive in providing strategic leadership in both the international and domestic arenas shall be considered. Defra's role as lead department, and the contribution made by its target partners will then be analysed, considering the commitment of the departments involved and the mechanisms

in place to ensure effective co-ordination. Finally, the relationships established between the government and the multitude of sectors and stakeholders that climate change mitigation impinges upon shall be considered, focusing on the effectiveness of the multi-faceted toolkit approach to climate change mitigation developed.

The chapter will demonstrate that in relation to climate change

- The PSA target does not capture the complexity of the issue or account for all stakeholders involved in its realisation, rendering it a proxy for, rather than driver of, the government's overarching climate change agenda.
- Many of the necessary levers to change fall out of the direct remit and influence of the UK government, undermining the ability of the government to exercise tight control over its policy outcomes.
- There is a disjuncture between the apparent political commitment and institutional capacity to deliver.
- Furthermore, there is tension between the government's climate change commitments and its broader policy agenda, as political and electoral considerations have resulted in contradictory policies.
- Overall, whilst the UK government represents a model of good practice, the unique issues posed by climate change have challenged the boundaries of the state, necessitating a reconsideration of the strategic and operational scope of government.

Overall, climate change mitigation, as experienced through the PSA, forms a diffuse and uncertain policy area, wherein the capacity of central government is relative, waxing and waning vis-à-vis the multiple stakeholders involved at various intervals in the policy process. Distinct parallels to the Type II conception of multi-level governance, discussed in Chapter 2, are therefore apparent, as task-specific jurisdictions, with sometimes intersecting memberships, operate at numerous territorial levels (Hooghe and Marks, 2003, pp. 236-9; Marks and Hooghe, 2004, pp. 16-20). Against this theoretical backdrop, power is fluid and positive-sum, wherein central government is one actor amongst many.

Resultantly, the government has sought to recast itself as a ‘primary organiser’ for the development and implementation of climate change policy, suggesting the emergence of a system of meta-governance setting the ‘rules of the game’ domestically, and seeking to influence the policy agenda internationally to ensure progress towards its climate change mitigation goals (Jessop, 1998).

6.1 – The Emergence of Climate Change as an Issue of Political Salience

6.1.1 – The introduction of international and domestic climate change mitigation targets

The issue of climate change first assumed mainstream political importance in the 1980s, reflected in the establishment of the Inter-governmental Panel on Climate Change (IPCC) by the United Nations (UN) in 1988. The mandate of the IPCC was to ‘assess the state of existing knowledge about the climate system and climate change; the environmental, economic and social impacts of climate change; and possible response strategies’, and in 1990 its First Assessment Report confirmed the scientific basis for climate change, highlighting the detrimental effect of human activity (IPCC, 1990). Momentum gathered behind the issue, and in December 1990 the UN General Assembly approved the start of treaty negotiations. Resultantly the Inter-governmental Negotiating Committee (INC) for a Framework Convention on Climate Change met for five sessions between February 1991 and May 1992. Facing a strict deadline of the UN Conference on Environment and Development³⁸ in Rio de Janeiro, Brazil, in June 1992, negotiators from 150 countries finalised the UN Framework Convention on Climate Change in 15 months, which adopted in New York in May 1992 and later opened for signature in Rio.³⁹ Following the formal adoption of the Convention, the INC met for another six sessions to discuss the numerous technical, financial and procedural matters relating to its commitments. In 1995 the Conference of the Parties (COP) replaced the INC as the Convention’s ultimate authority.

³⁸ Commonly known as the ‘Earth Summit.’

³⁹ <http://www.un.org/ecosocdev/geninfo/sustdev/climate.htm>, last accessed 18 July 2007.

Successive COP sessions sought to strengthen the international political commitment to addressing climate change, and at its first session in Berlin in 1995 it was agreed that targets were needed for the post-2000 period. To this end, the Ad hoc Group on the Berlin Mandate was established to draft a protocol or similar legal instrument for adoption at the third COP session. The COP-3 was held in December 1997 in Kyoto, which led to an agreement being made to ‘significantly strengthen’ the Convention by committing signatories to individual, legally binding targets to limit or reduce their greenhouse gas (GHG) emissions.⁴⁰ Under the Kyoto Protocol signatories were to ensure that their carbon dioxide (CO₂) and other GHG emissions were least 5 percent below 1990 levels in the commitment period 2008 to 2012, with demonstrable progress being made by 2005. For the UK the target was set for a 12.5 percent reduction (UN, 1998, pp. 3, 21). However, formal implementation of the Protocol was delayed because of the requirement that countries accounting for 55 percent of the world's emissions must ratify it, which was only reached after Russia became a signatory in February 2005.

Against this international backdrop have been a series of domestic policy commitments to reduce GHG emissions. In 1994 the Conservative government published its Climate Change Programme (CCP), which highlighted the need to disaggregate economic development and increased emissions, stating that a multi-modal approach based upon strands including technological development and behavioural change was necessary to address this challenge, although it did not establish formal targets (Cm. 2427, 1994, para. 10.28). In 1997, Labour came to power with a manifesto commitment to tackling climate change through international and domestic working, with a target that would exceed the UK’s obligations under Kyoto acting as a statement of intent

Labour believes that the threats to the global climate should push environmental concerns higher up the international agenda... We will lead the fight against global warming, through our target of a 20 percent reduction in CO₂ emissions by the year 2010 (Labour Party, 1997, p. 28).

⁴⁰ http://unfccc.int/kyoto_protocol/items/2830.php, last accessed 18 July 2007.

Through the PSA process, the DETR was the designated lead department for the government's climate change objectives, its PSA committing it to

prepare, consult on and publish a new UK CCP to meet the UK's legally binding target of reducing greenhouse gas emissions to 12.5% below 1990 levels over the period 2008–2012; and move towards the domestic goal of reducing CO₂ emissions by 20% by 2010 (Cm. 4181, 1998, p. 28).

Accordingly the government's CCP was published in 2000, which reiterated the government's obligations under Kyoto, whilst firmly establishing the domestic policy goal of a 20 percent reduction in CO₂ emissions by 2010, an overtly political target borne out of its manifesto pledge, rather than resulting from the target setting process detailed in Chapter 4. The Programme highlighted a multiplicity of policy areas contributing directly or indirectly towards its climate change goals including transport, housing, planning, waste and energy, which highlighted the need for cross-Whitehall collaboration to ensure that the issue of climate change was embedded across the policy agenda (Cm. 4913, 2000, pp. 35-9).

The key goals of the CCP were reflected in the second round of PSA targets, wherein the establishment of a joint target reflected the government's concern that giving individual departments separate responsibility for 'tackling one part of a multi-faceted problem is a recipe for disaster', as discussed in Chapter 4 (Cm. 4011, 1998, para. 4.5). Thus, the DETR and DTI jointly pledged to

Improve the environment and the sustainable use of natural resources, including by reducing greenhouse gas emissions by 12.5% from 1990 levels and moving towards a 20% reduction in CO₂ emissions by 2010 (Cm. 4808, 2000, p. 26).

The scope of the PSA target went beyond the 2001-4 monitoring period, and was taken forward for the 2003-6 PSA period, being jointly owned by Defra, which had absorbed the environmental functions of the former DETR, and the DTI (Cm. 5571, 2002, p. 27). The target was rolled forward once more in the 2005-8 PSA round, wherein the DfT was incorporated as a formal owner of the target alongside Defra and the DTI, to ensure that

transport policy was again at the heart of tackling climate change, as it had been under the remit of the former DETR. The wording of the target was also subtly amended to highlight the increasing role of energy efficiency and renewables in tackling climate change, emphasising the role of the DTI in its delivery

To reduce greenhouse gas emissions to 12.5% below 1990 levels in line with our Kyoto commitment and move towards a 20% reduction in CO₂ emissions below 1990 levels by 2010, through measures including energy efficiency and renewables (Cm. 6238, 2004, p. 15).

The CCP was reviewed in 2006, and as a result of its additional interventions, it suggested that the UK was actually set to ‘significantly exceed’ its Kyoto commitments, with projections suggesting a reduction of GHG emissions of between 23-35 percent by 2010, although progress against the domestic target appears less assured, suggesting that a reduction in CO₂ emissions of only 16.2 percent would be made. Despite the challenge posed by the current domestic target, the Programme set a longer-term commitment to reduce CO₂ emissions by 60 percent by 2050, the achievement of which being perceived as necessary to avert the most damaging effects of climate change. To achieve this, the 2006 Programme continued to emphasise the constructive engagement with a broad range of political and non-political stakeholders, as well as the importance of individual engagement and co-operation, stating that there was ‘no choice to be made between action at international, national and personal levels. We regard all as essential’ (Cm. 6764, 2006, pp. 3-5).

6.1.2 – The structure of the climate change PSA target

In accordance with the principles of a shared PSA commitment outlined in Chapter 4, responsibility for the delivery of the climate change PSA is jointly exercised by Defra, BERR and the DfT, each partner assuming responsibility for different elements of its delivery appropriate to its departmental remit. Defra leads on the delivery of many key areas, including research and analysis; implementing EU and UK emissions trading schemes; and on a range of public engagement policies (Defra, 2006a, p. 23). The PSA

target also highlights the role of renewables and energy efficiency, for which BERR is responsible as the overall lead on the Energy White Paper (Cm. 7124, 2007). To deliver on its energy commitments, BERR has sought to manage the supply-side and is in frequent contact with stakeholders such as domestic energy providers. It is also increasingly involved in delivering on the demand-side across all sectors, notably on promoting the domestic uptake of renewable energy, which complements Defra's work on public engagement. The DfT's work on climate change also touches on both supply and demand issues, as the department is responsible for encouraging both the development and uptake of cleaner vehicles and fuels (Cm. 6817, 2006, p. 103). Accordingly, both the *Future of Transport* White Paper (Cm. 6234, 2004) and the Energy White Paper contain a diverse raft of policies which are expected to reduce emissions by around 15 percent by 2010 (Cm. 7124, 2007). However, whilst responsibility for the delivery of outcomes is shared, the departmental objectives to which it contributes are subtly different for each partner, as detailed in table 6.1.

Table 6.1 – The various departmental aims and objectives behind climate change PSA

Department	Aim	Objective	Target
Defra	A better environment at home and internationally, and sustainable use of natural resources	Protect and improve the rural, urban, marine and global environment, and lead integration of these with other policies across government and internationally	To reduce greenhouse gas emissions to 12.5% below 1990 levels in line with our Kyoto commitment and move towards a 20% reduction in carbon dioxide emissions below 1990 levels by 2010, through measures including energy efficiency and renewables
BERR	Deliver prosperity for all by driving up productivity and competitiveness through world class science and innovation, successful enterprise and business, and fair, competitive markets	Ensuring fair, competitive markets and empowering consumers	Lead work to deliver the goals of energy policy: <ul style="list-style-type: none"> • to reduce greenhouse gas emissions to 12.5% below 1990 levels in line with our Kyoto commitment and move towards a 20% reduction in carbon dioxide emissions below 1990 levels by 2010, through measures including energy efficiency and renewables • maintain the reliability of energy supplies • eliminate fuel poverty in vulnerable households in England by 2010 in line with the Government's Fuel Poverty Strategy objective • ensure the UK remains in the top three most competitive energy markets in the EU and G7
DfT	Transport that works for everyone	Balance the need to travel with the need to improve quality of life by improving safety and respecting the environment.	To reduce greenhouse gas emissions to 12.5% below 1990 levels in line with our Kyoto commitment and move towards a 20% reduction in carbon dioxide emissions below 1990 levels by 2010, through measures including energy efficiency and renewables.

Source: Cm. 6238, 2004, pp. 15, 31, 33.

To determine progress against the target, three specific elements are monitored. Firstly, the levels of GHG emissions are monitored by National Environmental Technology Centre, which publishes data on behalf of Defra within 15 months of the end of a calendar year. In

addition, provisional data on CO2 emissions is published annually by BERR⁴¹ in its *Energy Trends* report in the March following the end of the calendar year.⁴² Secondly, improvements in energy efficiency measured by sector, and published annually, focusing on the household, business and public sectors. Finally, the supply of electricity from renewable sources is monitored, including solar power, wind, hydropower, wave and tide, geothermal, biomass, landfill gas, and biogases. Data is published annually in the *Digest of UK Energy Statistics*⁴³ with a lag of six months, and the criteria for success is 10 percent of the UK's electricity being supplied from renewable sources by 2010 (Defra, 2004a, pp. 4-7). Funding has been allocated across the broad range programmes within Whitehall that contribute towards the government's climate change goals, for example, a total of £186 million has been allocated within BERR to promote the sustainable use of energy, including renewables, for 2005-8 (DTI, 2005, para. 3.4). However, there is no single source or budget allocated exclusively for climate change mitigation. This is at odds with the underpinning principles of the regime outlined in Chapter 4, wherein funding would be fixed for a three year period in order to improve planning and assist in the delivery of outcomes, reflecting both the diverse range of impingent policy areas and the inability of a single PSA target to adequately capture the complexity of an issue such as climate change. Indeed, the absence of a single budget also undermines the principles of joint working and co-ordination inherent to a shared PSA target.

6.2 – The Role of the Government in Providing Effective Strategic Leadership

6.2.1 – The international context

⁴¹ The DTI was restructured and renamed in June 2007, and is now known as the Department for Business, Enterprise and Regulatory Reform (BERR). Its functions relating to energy and climate change remain unchanged, as does its associated PSA target.

⁴² Available at <http://www.dti.gov.uk/energy/statistics/publications/trends/index.html>, last accessed 23 July 2007.

⁴³ Available at <http://www.dti.gov.uk/energy/statistics/publications/dukes/page29812.html>, last accessed 23 July 2007.

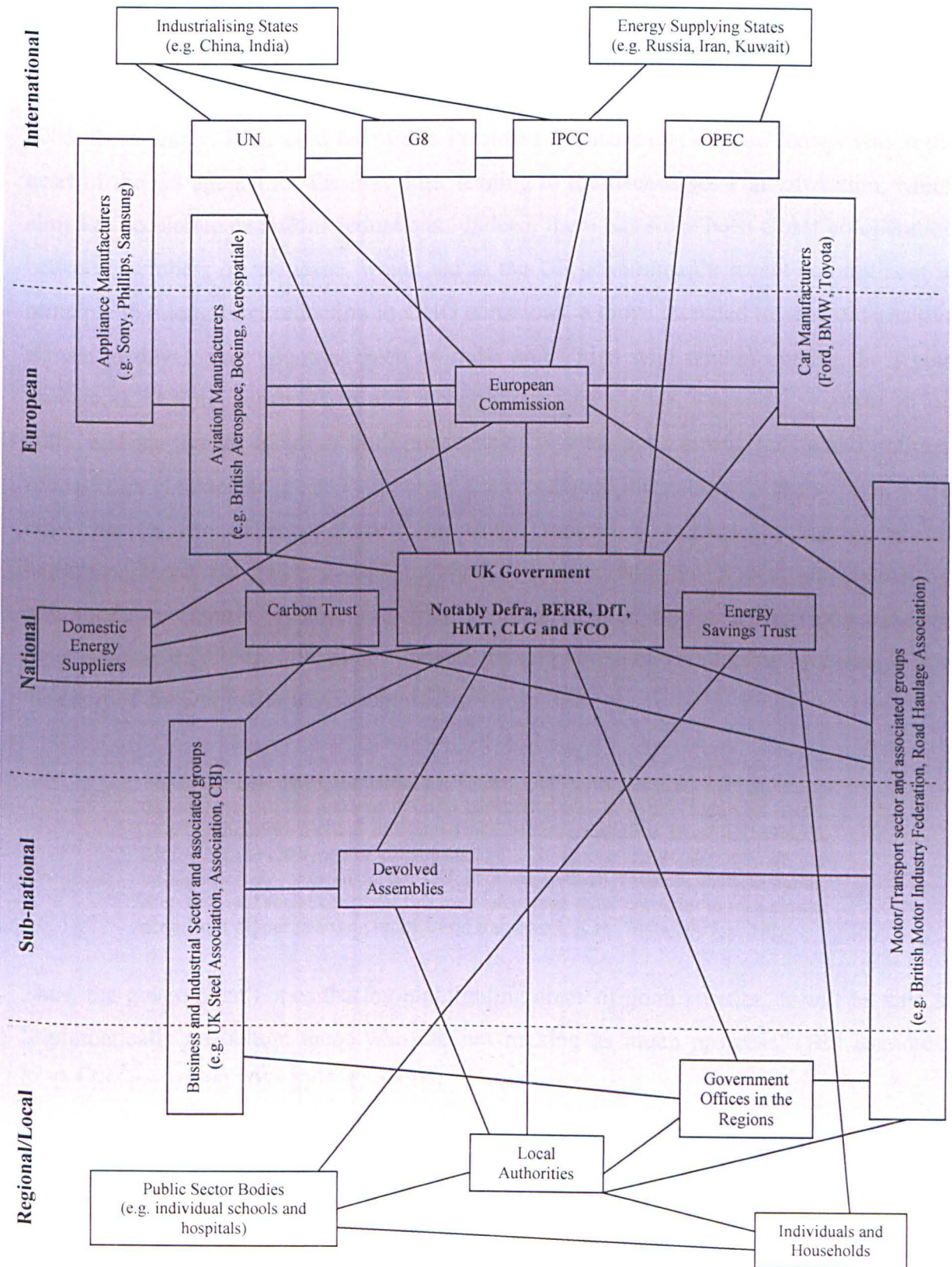
The complexity of climate change and the raft of stakeholders it engages has resulted in a diffuse policy landscape, wherein stakeholders simultaneously exercise multiple and overlapping spheres of responsibility (figure 6.1, c.f. figure 5.1), reflecting the characterisation of climate change policy as operating through a Type II system of multi-level governance (Hooghe and Marks, 2003, pp. 236-9; Marks and Hooghe, 2004, pp. 16-20). In order to make sense of the policy landscape, and to ensure progress towards its core outcomes, a key role for central government is in exercising effective strategic leadership at the international and the domestic level. Whilst many policy areas require increasing international co-operation to ensure their delivery, the global implications of climate change render such collaboration imperative, as stressed in both CCPs

Effective action to tackle climate change needs a partnership approach. The UK is already working closely with its partners in the European Union, both to strengthen its voice in the international debate and to deliver emission reductions cost effectively (Cm. 4913, 2000, p. 2).

Climate change is a global problem, with global causes and effects. Preventing dangerous man-made climate change and dealing with the impacts that cannot now be avoided requires efforts by all countries, consistent with their responsibility for greenhouse gas emissions, their capacity to take action, and the effects they will experience... [T]he Government considers it essential that the UK and our EU partners give high priority to reaching and implementing international agreements to tackle climate change (Cm. 6764, 2006, p. 15).

The internationalisation of a policy issue is further compounded by the way in which many of the issues that impact upon climate change transcend traditional geopolitical boundaries, such as aviation and the supply and security of energy supplies, which led Blair to describe the degree of internationalisation as 'striking', as he committed the government to working through international and European policies and agreements (PIU, 2002, pp. 3-4). Thus, climate change policy cannot be divorced from the international context, suggesting that central government cannot act unilaterally to access the key levers to change in order to secure its domestic policy commitments.

Figure 6.1 – Key institutions, agents and partners in reducing GHG and CO2 emissions



The impact of the international context upon domestic policy is therefore inescapable, requiring the government to demonstrate strategic leadership in order to engage with its international partners, whilst maximising opportunities to define the political agenda. In 2005, for example, Blair used his role as President to ensure that climate change was at the heart of the G8 agenda for the first time, leading to the Gleneagles Plan of Action, which aimed to accelerate emissions reductions. Indeed, there has since been closer co-operation between members on the issue, which led to the US government's recent commitment in principle to a long-term reduction in GHG emissions, a move intended to send out positive signals to developing countries such as India and China who remain outside the Kyoto framework. Climate change was also a central issue for the UK's presidency of the EU in 2005, and the overall effect of both presidencies was to 'put a strong public and political spotlight on climate change and encourage unprecedented international debate' (Cm. 6764, 2006, pp. 16, 18). The government has sought to lead by example by highlighting its domestic record on tackling climate change in line with its Kyoto obligations, its willingness to commit to more stretching domestic targets, and its performance vis-à-vis other states (Cm. 6764, 2006, p. 30). Indeed, the emphasis upon leadership by example is at the heart of the Draft Climate Change Bill

The major developed economies are responsible, collectively, for approximately three quarters of the increase in GHG concentrations above pre-industrial levels. There is therefore a moral obligation on those responsible to show leadership in addressing the challenge of climate change.... If we can show that emissions can be significantly reduced in the UK in a way which balances environmental, economic and social concerns, this may encourage other countries to take similar action and support a strong multilateral framework (Cm. 7040, 2007, p. 18).

Thus, the government hopes that by highlighting areas of good practice, it will be able to 'diplomatically encourage those who are not making as much progress' (Bill Rammell, FCO Minister in HC 105, 2005, Q. 553).

However, with responsibility for only 2 percent of global emissions, the UK is a relatively small partner without access to all the key delivery levers, and it remains necessary to secure similar reductions from all states to reach a long-term reduction in emissions worldwide. In January 2007, binding EU-wide targets were agreed, including a goal to reduce GHGs across Europe by 20 percent by 2020 compared to 1990, and the Treasury hoped that such agreements would ‘accelerate international agreement on a post-Kyoto framework’ (HM Treasury, 2007b). However, many developing countries such as China, India and Brazil remain outside the scope of formal international agreements, whilst their emissions continue to grow. Although the UK government is aware that developing countries need to be fully integrated as part of the solution within the international framework, without formal incorporation into the post-Kyoto framework, achieving the necessary reduction in global emissions is unlikely. The Environmental Audit Committee has expressed concerns regarding the efficacy of negotiations, highlighting the risk of political stalemate

[M]uch of the discussion on the future of the Kyoto Protocol fails to address a central question—namely, the basis on which targets should be set for developed and rapidly developing economies. The failure to confront this issue more directly is likely to give rise to a similar process of political bartering which was involved in the original Kyoto negotiations. In such circumstances, we have no confidence that far more demanding targets will in fact be set, and if such targets are to be agreed it seems to us inescapable that they must be based on an agreed set of criteria (HC 105, 2005, p. 29).

Recent events have highlighted the difficulties and sensitivities in ensuring the agreement of both developed and developing nations, illustrated by the Chinese government’s rejection in July 2007 of legally-binding targets to reduce GHG emissions, on the basis that cheap energy was key to lifting its population from poverty (Adams, 2007). Thus, securing agreement on the post-Kyoto framework poses a significant challenge to climate change mitigation, as there is no consensus regarding the emphasis of future targets and any associated burden-sharing arrangements. However, the necessity of international co-operation to achieve the government’s domestic policy goals is at odds with the principles of the PSA regime, which suggests a direct line of accountability to the relevant Secretary of State for the achievement of strategic outcomes, wherein targets are achievable and relevant to the sphere of departmental activity. In such an internationalised context, such

principles are rendered redundant, suggesting that in the instance of climate change, the PSA target functions as a proxy for the government's broader policy agenda, rather than acting as a driver of policy and a tool of strategic capacity.

6.2.2 – The role of the centre in determining the strategic framework

In many respects, the internationalisation of climate change is unparalleled, challenging the traditional conception of causation, as both causes and effects transcend geo-political boundaries, risking disproportionate impacts upon vulnerable countries with uncertainty surrounding the timing and scale of impacts (HM Treasury, 2006c, p. 312). Despite the significant challenge of international working, national governments remain the key driver in securing political commitment towards international climate change goals

The primary responsibility for tackling climate change must lie with governments. Only they can provide the long-term policy direction within which industry can plan for investment. They have various tools at their disposal, of which regulation has proved to date by far the most effective means of delivering environmental improvements (HC 105, 2005, p. 14).

Such evidence suggests that despite the characterisation of climate change as a non-linear, diffuse example of Type II multi-level governance, national governments still retain a resource advantage vis-à-vis alternative state and non-state actors, reflecting the ideas embedded within the asymmetric power model (Marsh et al, 2003). In this respect, the UK's successful performance against its international obligations renders it well placed to lead by example, a view endorsed by senior officials within Whitehall

[W]e have greater powers to influence if we are squeaky clean domestically, so if we are leading by example, then we have a much better opportunity to influence people internationally (interview, 10 July 2007).

[T]he UK is probably well placed to broker, to be an honest broker, which is why actually we're keen to show a leadership role domestically, because if we can show that we are unilaterally prepared to accept our burden... it's going to make it a lot easier to be part of the solution (interview, 11 July 2007).

Thus, the international context of climate change necessitates a reconsideration of the

government's strategic role internationally, wherein the capacity to forge collaboration and consensus amongst competing national interests is key, and despite the challenges posed, the government has acknowledged the importance of working internationally to achieve both common environmental 'goods' and its domestic policy outcomes. This suggests a transformation rather than a diminution of state power, wherein policy design and implementation cannot be confined to the traditional auspices of Whitehall, demonstrating the inter-play between the domestic and international policy arenas. Whilst the continued resource advantage exercised by central government suggests that the challenges of fragmentation and hollowing-out can be minimised, this requires the government to simultaneously engage with a range of stakeholders to ensure the optimal context for the delivery of its strategic objectives, wherein state power is increasingly exercised through a framework of meta-governance in order to define the parameters and agenda of the policy landscape (Jessop, 1998).

Accordingly, the government is also required to exercise effective strategic leadership domestically to ensure coherency between delivery departments and organisations. The government has sought to demonstrate its top-level political commitment to climate change mitigation through its key policy outputs, the key document being the CCP, which define and delineate the government's strategic objectives and act as a statement of intent, reinforced by the sponsorship of the Prime Minister (Cm. 4913, 2000; Cm. 6764, 2006). The strategic objectives of the CCP are crystallised within the climate change PSA target, which reiterates the government's intent and provides a focus for policy activity, underpinned by a contract of accountability between the target-owning departments and Treasury in accordance with the principles of the regime. In terms of precedence, it is apparent that the CCP is the main driver of climate change policy, as the PSA target has been derived from it, acting as a proxy for the broad basket of objectives and targets contained within the overarching Programme. However, the consistency of policy objectives between the two reinforces the appearance of a top-level commitment to climate change mitigation. As within the international arena, the government has sought to posit itself as an exemplar of best practice, which provides a model of guidance and an overt

statement of political commitment against its strategic goals. Accordingly, it has sought significant emissions reductions from within its own estate, pledging to improve the energy efficiency of all its buildings; to source more energy from renewables; introduced good Combined Heat and Power (CHP) across Whitehall; and has recently introduced an ambitious target to make the estate carbon-neutral by 2012 (Cm. 4913, 2000, pp. 119-20; Cm. 6764, 2006, pp. 111-2).⁴⁴ Nonetheless, the complexity of the policy framework outlined in the CCP, and the inability of the PSA to fully account for its key aspects, has meant that the government is without a definitive all-encompassing mechanism to drive policy and define the macro framework, undermining the effectiveness of the PSA regime as the core driver of top-level policy commitments, as detailed in Chapter 4.

A key aspect of the strategic ‘matrix’ is the government’s underpinning economic rationale, which from the outset has sought to promote flexibility and cost-effectiveness to ‘safeguard, and where possible enhance, the UK’s competitiveness,’ in the transition to a low-carbon economy, whilst delivering ‘wider environmental, social and economic benefits’ (Cm. 4913, 2000, p. 27). The publication of the Treasury-sponsored *Stern Review Report on the Economics of Climate Change* added gravitas to the government’s economic stance by presenting a forceful challenge to the assumed incompatibility of environmental protection and economic development (HM Treasury [The Stern Review], 2006c). An underlying assumption of the Review was that emissions across all sectors ‘have been, and continue to be, driven by economic growth’, suggesting that the cost of tackling emissions is likely to be around 1 percent of the global GDP by 2050, which could have a knock-on effect upon the UK’s economic competitiveness. However, the Review suggested that whilst climate change mitigation required substantial investment in the short-term, it should be ‘be viewed as an investment, a cost incurred now and in the coming few decades to avoid the risks of very severe consequences in the future’, and whilst the market could deliver a proportion of the investment required, market barriers and imperfections, coupled with hidden transaction costs, would ‘result in significant obstacles to the uptake of cost-

⁴⁴ See also <http://www.sustainable-development.gov.uk/government/estates/index.htm>, last accessed 8 October 2007.

effective mitigation, and weakened drivers for innovation’ (HM Treasury [The Stern Review], 2006c, pp. 1-2, 377). The Review suggested that governments could overcome such failures by steering the market through a careful balance of regulation, information and subsidisation. Indeed, the report highlighted the important strategic role of government in

developing a shared understanding of the long-term goals for climate policy, building effective institutions for co-operation, and demonstrating leadership and working to build trust with others (HM Treasury [The Stern Review], 2006c, p. xxvii).

In response, the government has sought to complement existing policies and mechanisms with a range of new policies and actions, whilst adhering to the recommendations of the Review to ‘avoid inconsistent measures that would weaken UK economic growth and the influence of its response internationally.’ Furthermore, the government has disseminated the Review’s findings worldwide to ‘encourage other regions and countries to continue to develop the evidence base on the economics of climate change’ (HM Treasury, 2007b, p. 5).

The strategic framework is to be further strengthened following the passage of the Draft Climate Change Bill, expected to pass into legislation in the 2007-8 parliamentary session, which defines the long-term policy framework by introducing a statutory target of a 60 percent reduction in emissions by 2050. To deliver on this commitment, the Bill reiterates the strategic role of government across a number of arenas

- To demonstrate leadership by example to help foster collective international action.
- To create a clear and coherent framework to enable the UK to meet domestic and international commitments.
- To provide greater clarity and certainty for UK industry, households and individuals to effectively plan for and invest in a low carbon economy.
- To maximise social and economic benefits and minimise costs to the UK as we pursue these goals (Cm. 7040, 2007, p. 19).

The Bill also proposes the establishment of an independent Committee on Climate Change; an expert body responsible for advising the government, monitoring progress against the targets within the Bill, and reporting the government's progress annually to Parliament. Potentially the Committee could penalise the government for any failure against its targets, and it is hoped that its independent status will improve the scrutiny and audit of climate change policy. Whilst the specific mechanisms are still to be determined, the EFRA Committee suggested that the publication of Bill symbolises the government's overarching commitment to climate change mitigation

Although sanctions may not be either likely or real, we recognise that having an Act of Parliament has its own merits. By institutionalising the targets, the political pressure to achieve them will be increased. The Government of the day will also be subject to the court of public opinion (HC 534-I, 2007, p. 25).

Indeed, the introduction of the draft Bill is itself significant, as it is the first of its kind in any country, described by the government as demonstrating its commitment to leading by example both domestically and internationally (Cm. 7040, 2007, pp. 4-5). By institutionalising the broad, long-term policy framework, the Bill also acts as a tool of meta-governance, defining overarching, statutory targets, which set the parameters of stakeholder activity in relation to climate change mitigation.

Nonetheless, there have been criticisms regarding the extent of top-level commitment to driving climate change policy across Whitehall and beyond. Poor progress against the domestic commitment of a 20 percent reduction in CO₂ by 2010 was seen by the Environmental Audit Select Committee as evidence that the government had 'failed fully to rise to the domestic challenge of climate change', suggesting that whilst

some of this failure is in part likely to be due to wider economic trends over which the Government has had *only partial control*, it is clear that the Government has not displayed the same level of ambition in willing the means as it did when first it willed the end of the 2010 target (HC 740, 2007, p. 6, emphasis added).

The Committee also suggested that likely failure of the domestic target would also be

detrimental to UK's international leadership role in reaching a post-Kyoto agreement, again reflecting the interconnectedness of the domestic and international contexts, as a positive domestic record on climate change is the key bargaining tool in the government's international approach (HC 740, 2007, p. 6). One former Strategy Unit adviser suggested that climate change mitigation targets have been an 'absolute failure in trying to produce joined-up government', as they have 'focused too much on the money and not enough on the process of getting strategic alignment' due to the 'constant struggle between the Treasury and Cabinet Office structures, as the Cabinet Office tries to align objectives and the Treasury tried to align people around money', reflecting the tensions within the core executive detailed in Chapters 3 and 4 (HC 740-ii, 2007, Q. 44). Similarly, a senior official within the DfT suggested that the Treasury appeared to distance itself from offering strategic leadership on climate change

I do find it interesting in this set that when they hold most of the levers, it was a very clever arrangement – the Treasury managed to write themselves out of any ownership for this when they control many of the most powerful levers (interview, 11 July 2007).

The government has also been criticised for inadequately responding to the demands of the Stern Review. The Environmental Audit Committee, for example, criticised the Treasury for failing to incorporate the findings of the Review into the 2006 Pre-Budget Report, and was unable to detect 'any escalation of the Treasury's climate change policies' in the 2007 Pre-Budget Report. It also stated that the 2050 target for reducing emissions was significantly below the recommendations of the Review, that whilst government policy by *how much* emissions should be cut by, it did not do enough to show *how fast* they should be cut, as emphasised throughout the Review. However, it did suggest that in promoting the Review across the world, the government is 'clearly playing a very important role in helping to influence international opinion and rally support for concerted and urgent action' (HC 227, 2007, p. 5). Whilst the Draft Climate Change Bill has been broadly welcomed, concerns have been expressed regarding specific aspects, for example the ability of the Committee to ensure accountability in such an obfuscated policy area, and the extent to which it is 'realistic' for the government 'to actually take themselves to court and impose stringent penalties on themselves' (HC 534-II, 2007, Q. 45). However, the Environmental

Audit Committee suggested that the creation of the Committee would represent a ‘large step forward’ in enabling the UK to lead by example in the international arena, providing a model suitable for replication (HC 460, 2007, p. 3).

Indeed, the Environmental Audit Committee suggested that the centre lacks the capacity to drive climate change policy across Whitehall and beyond

It is clear that the Government has responded institutionally to the challenge of climate change.... Although this... signifies the Government’s willingness to tackle the issue, the organic process by which leadership and responsibility have evolved appears to have created a confusing framework that cannot be said to promote effective action on climate change (HC 740, 2007, p. 11).

In response, the Committee suggested a reconfiguration at the heart of government, wherein the Cabinet Office has a ‘far greater role to play in ensuring that all Departments pull together to ensure climate policy is coherent.’ However, it did suggest that the eventual introduction of the Draft Climate Change Bill could provide a window of opportunity for the government to evaluate its strategic capacity, and consider the long-term policy implications of climate change mitigation and adaptation (HC 740, 2007, p. 41). In the context of the all-pervading challenge posed by climate change, determining an optimum organisational solution is difficult, as climate change has increasingly assumed the guise of a wicked issue, ill-suited to the vertically functional structures of Whitehall, as detailed in Chapter 3. Moreover, as some of the above criticisms highlight, there is often a disjuncture between scientific necessity and political possibility, reflected in the scientifically based emission cuts recommended in the Stern Review and the political targets enshrined in the PSA framework and Draft Climate Change Bill. Such factors do not suggest an absence or diminution of top-level political commitment, as the publication of documents such as the Stern Review and the Draft Climate Change Bill highlight the government’s willingness to acknowledge and grapple with the challenges posed; indeed the fact that both of these documents are world-firsts demonstrates the significant advances made by the Labour government vis-à-vis other national governments. However, the organic evolution of climate change policy and the government’s leadership response has meant that the

increasing strategic policy functions that the government must exercise have often been subsumed within the existing Whitehall structure. This suggests an institutional deficit, wherein the traditional structures of the core executive are not organisationally fit to deal with the unparalleled and unforeseen challenges of climate change.

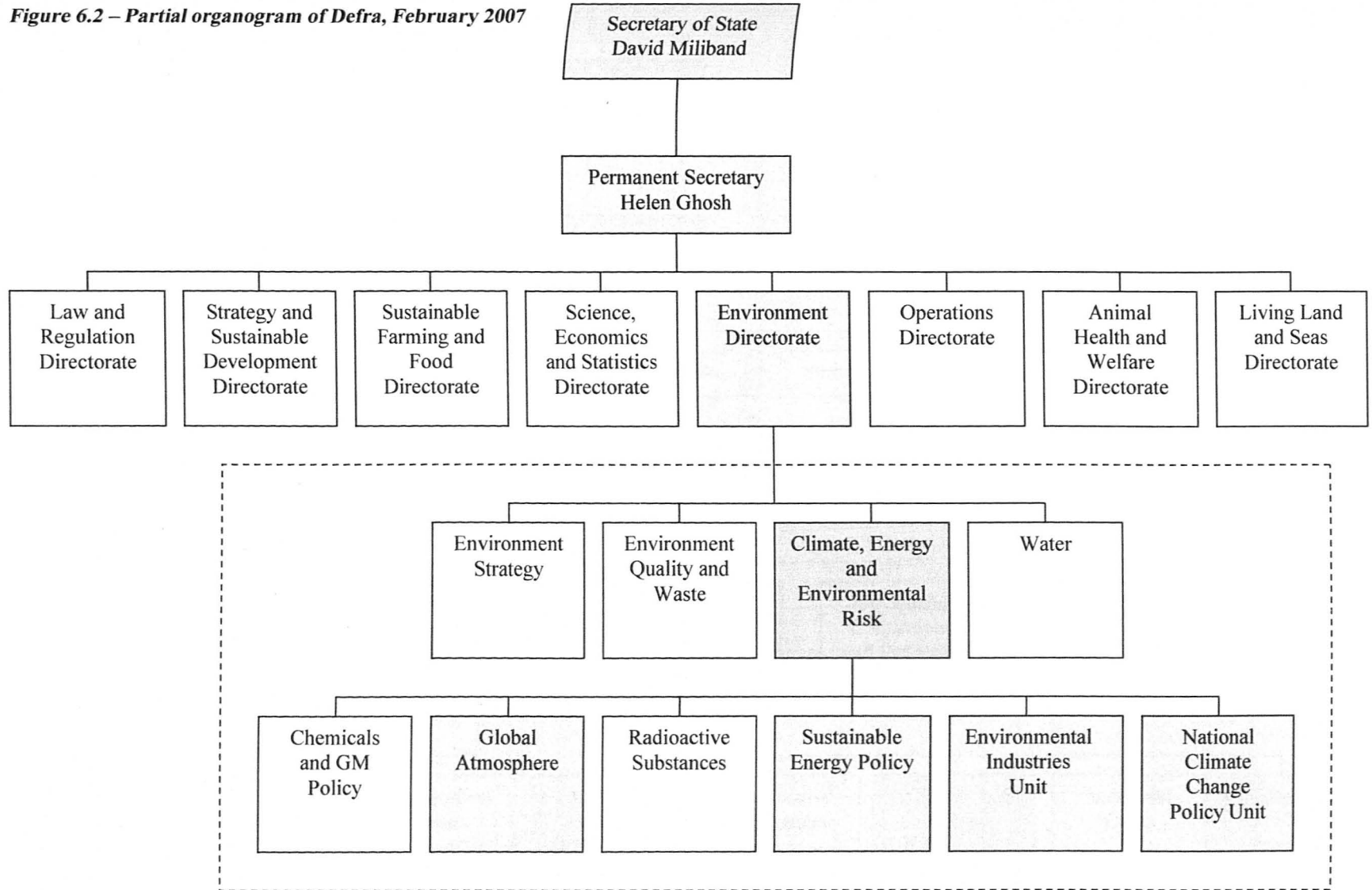
6.3 – Cross-Whitehall Delivery of a Jointly Held Target

6.3.1 – The leadership responsibilities of Defra

Operational responsibility for the government's climate change PSA is shared between Defra, BERR and the DfT. However, whilst the target itself is shared, the various underpinning objectives are not necessarily complementary; it is easy to see, for example, the tension between environmental protection and economic competitiveness, as outlined in table 6.1. Such potential tensions can be minimised by having a clearly defined lead department who can 'focus, primarily, on promoting a joint approach between partners and ensuring that such an approach is realised in the interests of achieving the joint target', in accordance with the underpinning principles of the regime, detailed in Chapter 4 (NAO, 2005a, p. 27). Defra assumes overall ownership in accordance with its role as the guardian of the government's overarching sustainable development agenda (Defra, 2003b, p. 7). To ensure its leadership capacity, Defra sought to reconfigure its internal structure to strengthen the focus on the unique challenges posed by climate change, embedding it in all aspects of its work to avoiding internally inconsistent policy responses (Defra, 2003b, pp. 7-8), and in June 2007 underwent a process of restructuring. Previously four distinct units dealt with climate as part of the broad range of responsibilities exercised by the Environment Directorate (figure 6.2). However, in June 2007 the Environment Directorate was replaced by the Climate Change Group, highlighting climate change as a distinct policy area at the heart of Defra's work, rather than a subset of wider environmental policy (figure 6.3). The Group is split into two main directorates – the International Climate Change, Air and Analysis Directorate and the Domestic Climate Change and Energy Directorate – reflecting Defra's commitment to negotiating and implementing climate change policy on

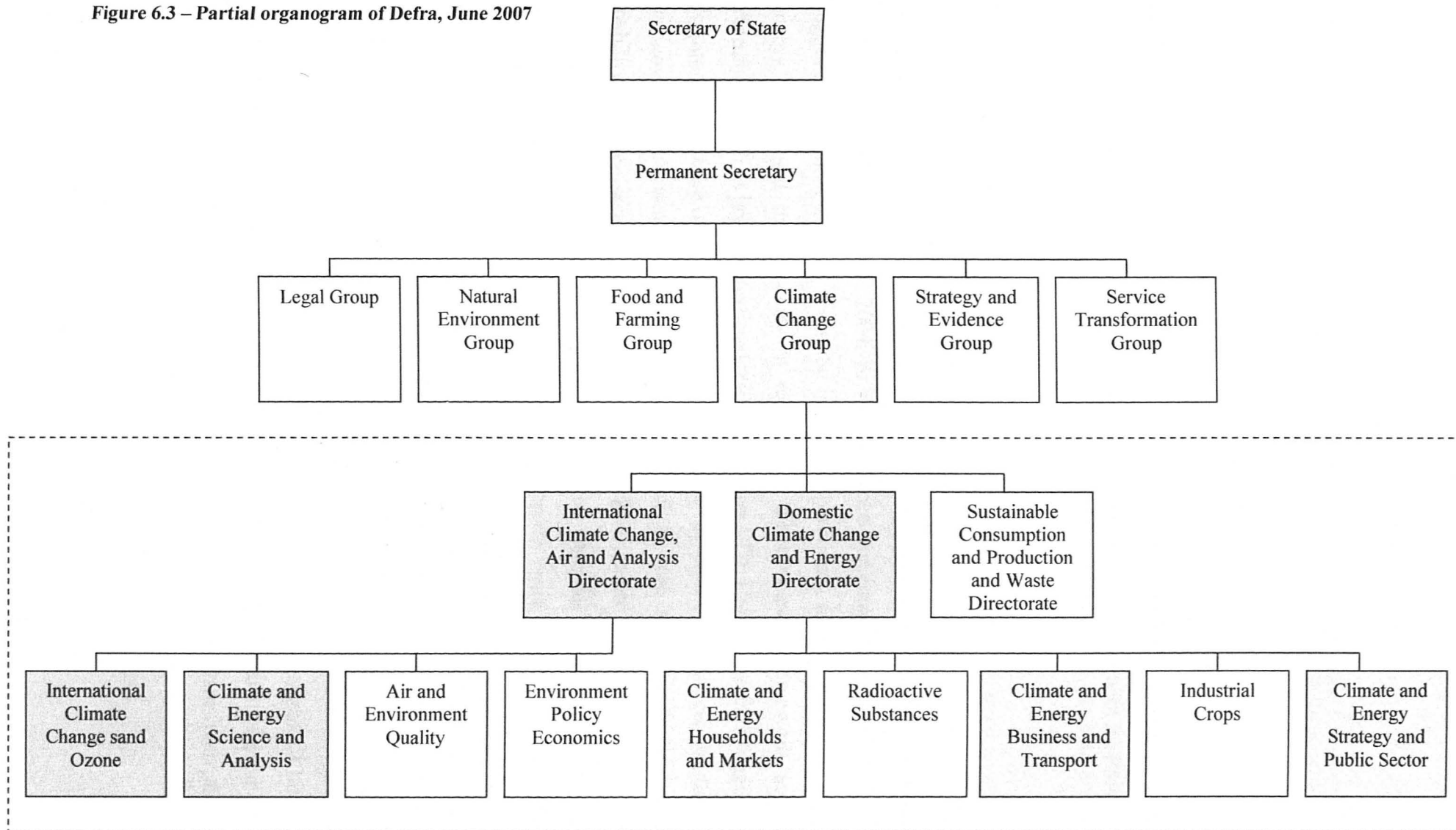
both fronts. Across the two directorates are five divisions, each of which focusing on a specific aspect of climate change. In particular the Climate and Energy Households and Markets Division, and the Climate and Energy Business and Transport Division complement the responsibilities exercised by BERR and the DfT respectively. Beyond the immediate parameters of the department, Defra has sought to further strengthen its capacity to deliver on its PSA commitment by ensuring that effective working arrangements are in

Figure 6.2 – Partial organogram of Defra, February 2007



Source: <http://www.defra.gov.uk/corporate/who-are-we/organisation-chart.pdf>, last accessed 22 February 2007.

Figure 6.3 – Partial organogram of Defra, June 2007



Source: <http://www.defra.gov.uk/corporate/who-are-we/organisation-chart.pdf>, last accessed 3 August 2007.

place between partner departments. The Permanent Secretaries of Defra, the DfT and BERR, for example, hold regular joint meetings with members of their management teams ‘aimed at developing a shared sense of endeavour on sustainable development and other issues of common concern’, and to follow through with the commitments made at the ministerial level (HC 340, 2003, pp. 4-5). Indeed, a senior Defra official stated that there was a ‘constant communication between government departments’, and that over half the department’s work on climate change was carried out in conjunction with its PSA partners (interview, 11 July 2007).

Nonetheless, it has been suggested that Defra ‘does not have sufficient clout’ to lead on cross-cutting issues, and there are concerns regarding its suitability as the lead department on climate change (HC 707, 2004, p. 9). Evidence presented to the EFRA Committee suggested that most delivery levers lie in other departments, notably BERR in relation to energy policy and the Treasury in relation to the economic framework and policy instruments such as tax measures and trading schemes. The Committee thus suggested that, despite the existence of the PSA target, there was an ‘absence of a clear central direction to the government’s work on climate change’, which in turn reflected Defra’s continued inability to ‘taken seriously by other government departments in framing their key policy decisions’ (HC 130-I, 2005, pp. 21-3). Indeed, the apparent inability to access the key delivery levers renders Defra ill-equipped to lead on the issue, undermining the principles of the PSA regime detailed in Chapter 4, based upon strong departmental leadership and direct line of accountability to the target-owning departments in accordance with their delivery competencies. Whilst the impact of Defra’s restructuring is yet to be fully realised, one senior DfT official suggested that doubts still remained regarding Defra’s leadership capacity, describing it as being at best ‘the aspirational advocate – the internal lobby group’, because of its limited access to the key delivery levers within Whitehall and on the ground (interview, 10 July 2007). However, one BERR official stated that the issue of which department should lead was significantly less important than the actual achievement of shared goals

[T]here's no such thing as an optimum organisation, therefore the sort of things you're looking at are more important than the organisation. The fact that we share objectives; and the fact that different ministers don't work against each other; the fact that there is a proper, tight way of bringing it together and... embedding it in the policy-making process, is more important (interview, 10 July 2007).

Similarly, then Secretary of State David Miliband stated that whilst it is Defra's 'job to make sure that climate change does have the right place in the government's ambitions', the successful involvement of other departments in the target's delivery simply complemented Defra's overall leadership, ensuring both 'clear leadership but also distributed leadership on this issue' (HC 1520-i, 2006, Q. 24). Again, this points to the organisational dilemmas posed by climate change, which renders shared commitment and effective co-operation essential to overcome such challenges and to achieve target objectives. However, as demonstrated by the historical and recent examples, detailed in Chapters 2 and 3, attempts at ensuring joint working have foundered without strong leadership from the core executive. This suggests that the current core executive must ensure that any internal tensions are minimised in order to ensure its capacity as a strategic driver of policy across Whitehall, as longstanding bureaucratic dilemmas regarding the functional organisation of government are rendered all the more acute by the inherent complexity of climate change, which cross-cuts the Whitehall structure at multiple, overlapping intervals.

6.3.2 – The commitment of Defra's partners to the target's shared goals

Overcoming the perennial difficulties associated with joint working has been a core goal of the government's overall reform agenda and the PSA framework itself, as detailed in Chapters 3 and 4 respectively. However, despite the numerous mechanisms that are in place to ensure inter-departmental co-ordination, there are concerns regarding the commitment of the Defra's partners to their shared target. The DfT is frequently criticised for an apparent lack of priority accorded to environmental policy goals vis-à-vis its broader remit, as transport is the only sector to have experienced an unabated rise in emissions since 1990, as detailed in tables 6.2 and 6.3 (e.g. HC 693-I, 2005; HC 864, 2006; HC 981-I, 2006).

Table 6.2 – GHG emissions by source (metric tonnes of carbon)

Sector	1990	1995	2000	2004	2010	2015	2020
Energy Supply	74.4	63.1	58.2	61.4	56.2	56.0	51.1
Business and Industry	57.5	52.5	43.8	38.7	38.0	39.8	40.4
Transport	34.1	34.3	36.0	37.4	38.6	40.1	40.7
Domestic	22.2	22.5	24.6	25.3	21.8	22.0	22.2
Agriculture, forestry and land management	17.0	15.9	14.7	13.2	11.5	12.1	12.6
Public	3.7	3.6	3.2	2.9	3.0	3.1	3.2
Total emissions by source minus total removals by sinks	209.9	191.9	180.5	178.9	169.2	173.0	170.0

Source: Derived from Cm. 6764. 2006, p. 28.

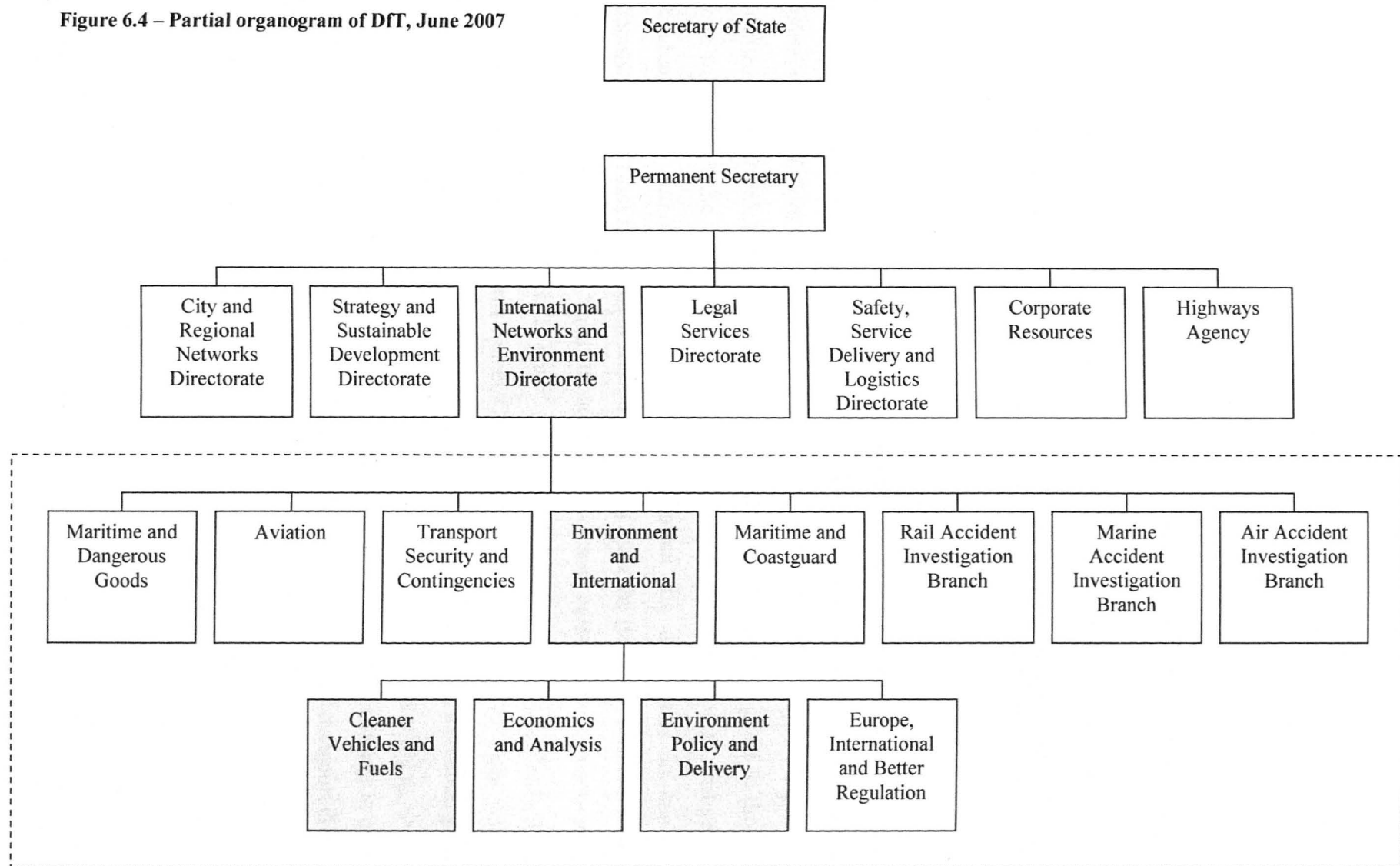
Table 6.3 – CO₂ emissions by source (metric tonnes of carbon)

Sector	1990	1995	2000	2004	2010	2015	2020
Energy Supply	66.1	56.6	53.7	58.0	53.4	53.7	49.1
Business and Industry	34.3	32.5	32.4	30.6	30.1	32.3	33.2
Transport	33.5	33.4	34.7	35.8	37.0	38.3	38.8
Domestic	21.7	22.1	23.8	24.4	20.8	21.0	21.2
Agriculture, forestry and land management	2.2	1.7	1.2	0.7	0.0	0.6	1.1
Public	3.7	3.6	3.2	2.9	3.0	3.1	3.1
Total emissions by source minus total removals by sinks	161.5	149.9	149.0	152.5	144.3	149.0	146.6

Source: Derived from Cm. 6764. 2006, p. 28.

Indeed, the Department's organogram illustrates that even within its own Directorate, the Environment and International Division is simply one amongst a total of eight, wherein inter-relations between the various Divisions are not easily apparent, suggesting that the problems associated with functionally organised policy silos exist within departments themselves, inhibiting effective intra-departmental co-ordination (figure 6.4).

Figure 6.4 – Partial organogram of DfT, June 2007



Source: http://www.dft.gov.uk/about/how/coll_organisationofthedft/howthedftisstructured1, last accessed 8 August 2007.

Despite the significant proportion of emissions produced by the transport sector, the DfT did not become a formal owner of the PSA target until 2004,⁴⁵ and although their co-ownership was ‘welcomed’, concerns were expressed regarding the extent to which the department could deliver on climate change (HC 693-I, 2005, pp. 15-6). The Environmental Audit Committee suggested that the DfT

conveys the consistent impression that, while it does acknowledge climate change as a serious problem, and while it is pursuing some dedicated policies to this end, it treats climate change as simply one priority among many others it must juggle, such as road congestion, economic productivity, and air quality. In other words, it is not treating climate change seriously *enough* (HC 981-i, 2006, p. 26; emphasis in original).

It also suggested many of the DfT’s policies seek to reduce the ‘carbon intensity’ of car journeys, rather than ‘limiting the number and length of vehicle journeys.’ Indeed, the Committee characterised the DfT’s policy package as ‘being projected to make some important contributions, but lacking in ambition, and suffering from a stuttering and piecemeal application’, for example highlighting a lack of prominence given to the role of public transport in the CCP, despite its key role in effecting behavioural change at the individual level. Although the Committee recognised the difficulties in decoupling economic growth from increases in carbon emissions from the transport sector, it remained ‘concerned’ that the DfT has a ‘fatalistic attitude which sees carbon-intensive activities and economic growth as going hand in hand’ (HC 981-I, 2006, pp. 25-6, 52). Such concerns were reiterated by the Transport Select Committee, who suggested that there was ‘little evidence’ that the DfT has ‘a realistic strategy to ensure it plays its part in reducing carbon emissions.’ Specifically, the Committee criticised the Department for placing too much reliance upon technological solutions to transport emissions, instead of seeking to promote the necessary cultural and behavioural change amongst the end users of transport (HC 684, 2006, pp. 13-4).

⁴⁵ Under the former DETR, environmental and transport issues fell under the same departmental remit. However, following the dismantling of the DETR in 2002, the new DfT did immediately not take on any of the environmental responsibilities of its former department.

Instances of incongruent policy highlight the potential for conflict within the broad remit of the DfT and its concern to balance the environmental, economic, and social requisites of travel. One area of conflict is its continued road-building programme, where an allocation of a £1.9 billion investment through the 2004 SR will result to the construction of 65 major new road schemes by 2010 (Cm. 7095, 2007, pp. 65-6). Given the likelihood that 'more road space leads to more traffic and emissions', the Transport Select Committee criticised the Department's record on road-building, calling for the application of 'more stringent criteria' to new proposals for road schemes which take into account environmental impacts (HC 981-i, 2006, p. 50). Elsewhere, the incompatibility of the *Future of Air Transport* White Paper (Cm. 6046, 2003) with climate change policy goals was highlighted, with the DfT being criticised for 'fail[ing] to recognise this adequately or to accept the disparity between its policy on aviation and the major commitments... to reduce carbon emissions' (HC 233-I, 2004, p. 7). Overall, such examples reflect the political dilemmas faced by the government in seeking to address climate change wherein necessary policy interventions remain politically unfeasible due to the likely negativity with which they will be received amongst the electorate. However, the political necessity of balancing environmental 'goods' with the design of electorally sound policies has meant that the former has often been crowded out at the expense of the latter, as demonstrated by the failure of the government to curtail the individual reliance upon private transport in favour of technologically-based solutions which entail limited cost to the individual.

The government has strenuously denied that the DfT is failing to deliver, highlighting its full engagement with the Energy Review and the 2006 CCP, both of which 'clearly acknowledge the growth in transport emissions' (HC 1718, 2006, p. 13). Indeed, it has estimated that the interventions within the 2006 CCP would reduce transport CO₂ emissions by an additional 13 percent by 2010, however it did stress that 'this does not mean that we expect total transport emissions to fall' (Cm. 6467, 2006, p. 63). The role of transport policy was further reiterated in the Energy White Paper, which proposed to continue to support the inclusion of aviation in the EU Emissions Trading Scheme (EU ETS); deliver around a million tonnes of yearly carbon savings through the Renewable

Transport Fuel Obligation (RTFO); invest in low carbon technologies; and encourage behavioural changes through ‘fiscal incentives, further development of smarter travel choices and consumer communications campaigns’ (Cm. 7142, 2007, p. 251). Certainly, climate change remains challenging for the DfT, and a senior official acknowledged that there would always be ‘some direct trade-offs’ as there are ‘certain areas where it’s going to be more difficult to reconcile than others’, particularly in relation to policies which would be difficult to ‘sell’ electorally. Nonetheless, they highlighted the extent to which the department has continued to improve its environmental delivery

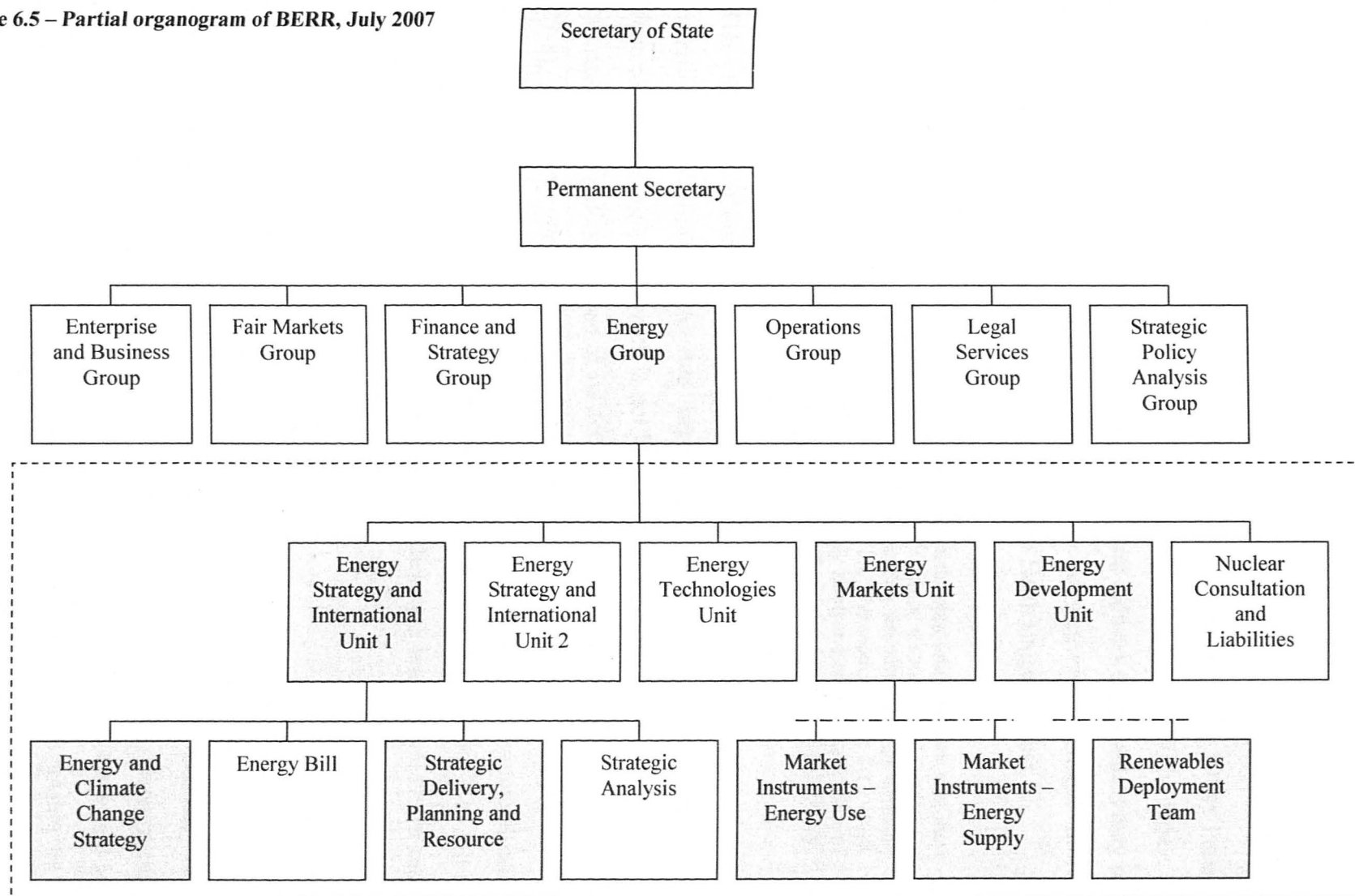
I think we have done more and more in the last year than we have done previously in terms of getting our story straight in the environment. I don’t think we’re finished yet; we’ve still got a lot to do (interview, 11 July 2007).

Similarly, the Transport Select Committee suggested that there was a reinvigorated commitment to tackling climate change within the DfT, and it welcomed the evidence of the Secretary of State as ‘an indication of a turning point in the Department’s priorities, and a signal that the Department will now work with renewed commitment to cut transport emissions’ (HC 95, 2007, para. 53). Moreover, within the DfT where the ‘transport story on climate change is grounded very much in economics’, the publication of the Stern Review was welcomed in the DfT for helping to ‘shape the debate’ on transport policy, prompting a reconceptualisation of the role of the sector in climate change mitigation (interview, 12 July 2007). Indeed, the Stern Review provided the foundation for the *Eddington Transport Study*, which emphasised the extent transportation enhances economic prosperity, whilst stating that, in order to stem its emissions ‘the transport sector, including aviation, should meet its full environmental costs’ (HM Treasury and DfT, 2006, p. 5).

Similar concerns have been expressed about BERR’s contribution to climate change policy. BERR’s work on climate change is part of a wider package of policies determining the UK’s energy supply and patterns of consumption; a multi-faceted commitment which is reflected in the four strands of its PSA target (see table 6.1) and in its departmental structure (figure 6.5). The overarching responsibility for energy policy is located within the

Energy Group, under which are six inter-related units focusing on various aspects, including the development of renewables and the development of market instruments to encourage their uptake. Accordingly, the work of five Divisions under three different Units feeds into BERR's work on climate change, which reflects the inter-play between the Department's climate change and energy agendas, as demonstrated in Energy White Paper (Cm. 7124, 2007). However, as in the DfT, there are tensions in the departmental structure, which risks intra-departmental incoherency; indeed, the compatibility of Energy Paper's four policy commitments has been questioned. In particular it has been suggested that measures that intervene in the market, either to promote the development and uptake of renewables or to reduce carbon emissions, would have the unintended consequences of stifling or distorting the energy market. It has also been suggested that the use of any fiscal instruments which raise energy prices in order reduce emissions could have a deleterious effect on the fuel poor, compounding the problems already faced by this group (PIU, 2002, p. 31). Indeed, one senior BERR official suggested that elements of energy policy had increasingly assumed the guise of a wicked issue, as discussed in Chapter 3, and were as relevant to the social exclusion agenda as the to the climate change agenda (interview, 11 July 2007).

Figure 6.5 – Partial organogram of BERR, July 2007



Sources: Derived from <http://www.dti.gov.uk/about/aboutus/organogram/page28130.html>, last accessed 8 August 2007; <http://www.berr.gov.uk/files/file23836.pdf>, last accessed 8 August 2007; and a series of interviews with Senior BERR officials, 10-11 July 2007

More broadly it has been suggested that the working cultures of BERR and Defra have hindered co-operation, which resonates with the longstanding criticisms of Whitehall's silo structure highlighted in Chapter 2 (e.g. Jennings, 1966; Dunsire, 1978; Pressman and Wildavsky, 1984). In particular, whilst BERR leads on the Energy White Paper, its role as the guardian of the interests of powerful business and industry stakeholders may undermine its commitment to any measures that threaten their competitive advantage. In evidence to the Environmental Audit Committee, Friends of the Earth suggested that

they are also a powerful voice within government opposing measures that they believe will threaten certain sectors of industry's competitiveness. This was never more apparent than in the discussions surrounding the allocation of emission allowances within the first phase of the EU ETS. The section of the DTI which specialises in maintaining relations with industry acted as a conduit for a range of industries to make very strong cases against challenging targets (HC 105, 2005, p. 20).

The Business Council for Sustainable Development-UK suggested a lack of communication between the two departments, which has created 'a lot of inter-departmental wrangling... which is not helpful', recommending that BERR should lead on climate change policy because of its access to the key delivery levers (HC 460, 2007, pp. 27-8). Similarly, Friends of the Earth suggested that the perceived prioritisation of industrial competitiveness by BERR had led to 'the most unhelpful interactions' between BERR and Defra, which had been 'quite acrimonious at times', leading it to call for 'much stronger co-ordination and leadership on energy efficiency, both within Defra and between Defra and other departments' (HC 130-I, 2005, pp. 18-21).

However, senior politicians in both BERR and Defra have denied that conflicting departmental cultures have led to poor working relationships. Then Secretary of State for the DTI, Alan Johnson, highlighted the co-operation between the two departments and the mutual recognition that 'we ought to ensure that UK businesses are not affected adversely', because otherwise 'they will up sticks and move to a country which is outside the European Union, never mind outside the UK, and will be emitting as much as they like' (HC 897-i, 2006, Q. 54). Again, this suggests that business and industry are able to exercise

substantial leverage over the government in order to advance their interests, whilst highlighting the extent to which many of the attendant issues and stakeholders that feed into climate change mitigation cannot be contained within national geo-political borders. Similarly, then Secretary of State for Defra, David Miliband, highlighted the co-operation on the Energy Review as a sign of their shared commitment to climate change goals, the weight given to energy efficiency within the Review an example of Defra's leadership capacity across Whitehall (HC 1520-i, 2006, Qs. 26-8). These views were reiterated by senior officials from both departments, with the suggestion being made that whilst 'every department is coloured to a certain extent by the responsibilities that they have and by their stakeholders' interests', every effort is made to 'try and work corporately in terms of helping each other to achieve the goals that we've set ourselves' (interview, 11 July 2007). Nonetheless, this does indicate that despite extensive efforts to improve intra-departmental co-ordination, both through the PSA regime (Chapter 4) and the government's broader reform agenda (Chapter 3), Whitehall's traditional departmental culture still prevails, suggesting that the core executive needs to exercise a greater steering role in order to realise the achievement of shared goals.

The difficulties in determining the individual commitment of partner departments have been exacerbated by monitoring and reporting arrangements underpinning the target, detailed in Chapter 4, wherein performance is reported on an aggregate basis. This led the EFRA Select Committee to suggest that departmental reports should explain 'exactly what the contribution of each [department] has been, and what difference it has made for the target to be shared' (HC 707, 2004, p. 8). A more serious criticism has been that aggregate performance information shields poorly performing departments who are able to hide behind overall progress made, as suggested by several witnesses to the Environmental Audit Committee, particularly in relation to the DfT and the continued rise in transport emissions (HC 981-ii, 2006). This suggests that the core executive is failing to exercise a challenge function vis-à-vis poorly performing departments, despite the underpinning intentions of the regime, which reflects concerns regarding the confused sanctions and incentives regime highlighted in Chapter 4. Indeed, such evidence led the Environmental

Audit Committee to suggest that the PSA on climate change is 'failing as a mechanism that might shine a light on the Department's efforts and hold it to account.' It criticised the 'extremely skimpy detail' within its departmental report, which precludes meaningful judgement and creates the opportunity for free-riding, recommending that the government established a sector-specific target for transport, against which the DfT should report (HC 981-i, 2005, pp. 26-8). This recommendation was rejected by the DfT, stating that it sought a reduction across the whole economy 'instead of tying our hands by deciding in advance where the carbon savings should come from' (HC 1718, 2006, p. 13).

In many respects, the introduction of sectoral targets would undermine the collaborative ethos that joint targets were intended to foster, in accordance with the JUG agenda detailed in Chapter 3. Indeed, sectoral targets have been rejected by ministers and officials across Whitehall. Then Secretary of State for Transport, Douglas Alexander, suggested that the impact of climate change should be shared across Whitehall, as despite the source of emissions, 'its deleterious effect on the environment is exactly the same', therefore it remains of crucial importance to 'strike a balance between meeting our environmental obligations, and recognising other social and economic aspects' (HC 981-ii, 2005, Q. 658). This was reiterated by his successor, Alistair Darling, who stated that the joint ownership of the target ensured that the most polluting sectors would be engaged in securing reductions in emissions (HC 684, 2006, Q. 90). The need to ensure flexibility was also emphasised by senior officials in both Defra and the DfT as so many contributing factors lie outside the sphere of government, for example a cold winter could result in increased demand for fuel for heating (interviews, 10 July 2007), which suggests a recognition of inability to directly access the necessary levers to deliver on the government's climate change commitments. Furthermore, introducing sector-specific targets could undermine the competitiveness and economic viability of individual sectors, which would be directly at odds with the rationale of the Stern Review, which highlighted the role of the market in determining emissions reductions (Cm. 7040, 2007). This was reiterated by one senior BERR official, who stated that 'the economic point is not to make each sector take its punishment; the economic point is to reduce carbon in the most cost-effective way'

(interview, 10 July, 2007). This approach is reflected in the Draft Climate Change Bill, which does not contain sector-specific targets, but an overall target to reduce carbon emissions by 60 percent by 2050 complemented by interim five-year carbon budgets, intended to ‘provide the right balance between the certainty needed’ and ‘the flexibility needed to accommodate inevitable annual variations in factors such as fuel prices and weather conditions’ (Cm. 7040, 2007, p. 25).

6.4 – Organising for Delivery across Whitehall

6.4.1 – The impact of departments beyond the PSA target

The terminology of the PSA framework suggests that joint targets are created with the express purpose of capturing all departments relevant to the target’s goal. However, as the example of Defra’s recycling target indicated in Chapter 5, the remit of several other departments impinge upon many of the government’s strategic goals without being formally incorporated as target owners. Despite its shared ownership, the climate change is not confined to the three target-owning departments, cutting across Whitehall to touch upon the work of many departments who are not formally incorporated as owners, reflecting the difficulties in capturing such a complex policy area within a single PSA target. The FCO has been ‘significantly involved’ in the international aspects of climate change, for example taking forward some of the World Summit on Sustainable Development partnership agreements (HC 105, 2005, pp. 34-5). In 2005 it published its own Sustainable Development Strategy, its focus on the international challenges to delivery complementing the UK Strategy. The Strategy contained a series of policy commitments relating to global energy security and climate change, including the integration of climate change mitigation and adaptation across all FCO policy-making (FCO, 2005, p. 29). It also highlighted the FCO’s strategic leadership role in relation to international negotiations, for example in partnership with other Whitehall departments it has worked through multilateral organisations such as the EU and UN to ‘advance UK priorities’ and to ‘help ensure that the EU meets its commitments under the Kyoto protocol’ (FCO, 2005, pp. 12, 15, 17).

Complementing the work of the FCO is DfID, which leads on ensuring effective linkages between climate change objectives and the development agenda, for example integrating the management of climate change into development and poverty reduction strategies (HC 105, 2005, En 190). This was reflected in its *Eliminating World Poverty* White Paper, which emphasised the potentially disproportionate impact of climate change on poorer countries, and the commitment of the UK government to leading on the international response, wherein developing countries ‘are part of the future solution’ (Cm. 6876, 2006, pp. 91-101).

Domestically, the work of the CLG has been of crucial importance, and with responsibility for planning and housing, it is well placed to complement the work of the target’s owners, particularly regarding energy efficiency. Defra and the former DTI, for example, worked closely with the CLG in developing the Code for Sustainable Homes, which specifies minimum performance level for energy, water, waste and materials efficiency, and whilst compliance is voluntary, the government is considering making it mandatory in the future (CLG, 2006, p. 4). Similarly, cross-departmental collaboration between the target-owning departments and the CLG informed the *Planning for a Sustainable Future* White Paper, which highlighted the contribution of the planning system to the government’s climate change goals (Cm. 7120, 2007, p. 11). Indeed, the Department’s role on climate change is set to expand following the introduction of the new local government performance framework in 2008, which includes ‘an appropriate focus on action on climate change, sufficient to incentivise more authorities to reach the levels of the best’ (Cm. 6764, 2006, p. 106). Finally, the work of several other domestic departments has the potential to deliver significant reductions in GHG and CO₂ emissions. In particular, the large-scale public building programmes and substantial purchasing powers of the DH and Department for Children, Schools and Families afford the departments the opportunity to reduce emissions, whilst influencing the supply chain for buildings and appliances. This was reflected in the UK CCP, which included a variety of measures to reduce emissions through the public sector such as the Building Schools for the Future programme, with a range of environmental quality indicators; the development of a strategy for renewable energy

generation within schools; and centrally-set targets to ensure increases in energy efficiency across all aspects of the NHS (Cm. 6764, 2006, pp. 111-5).

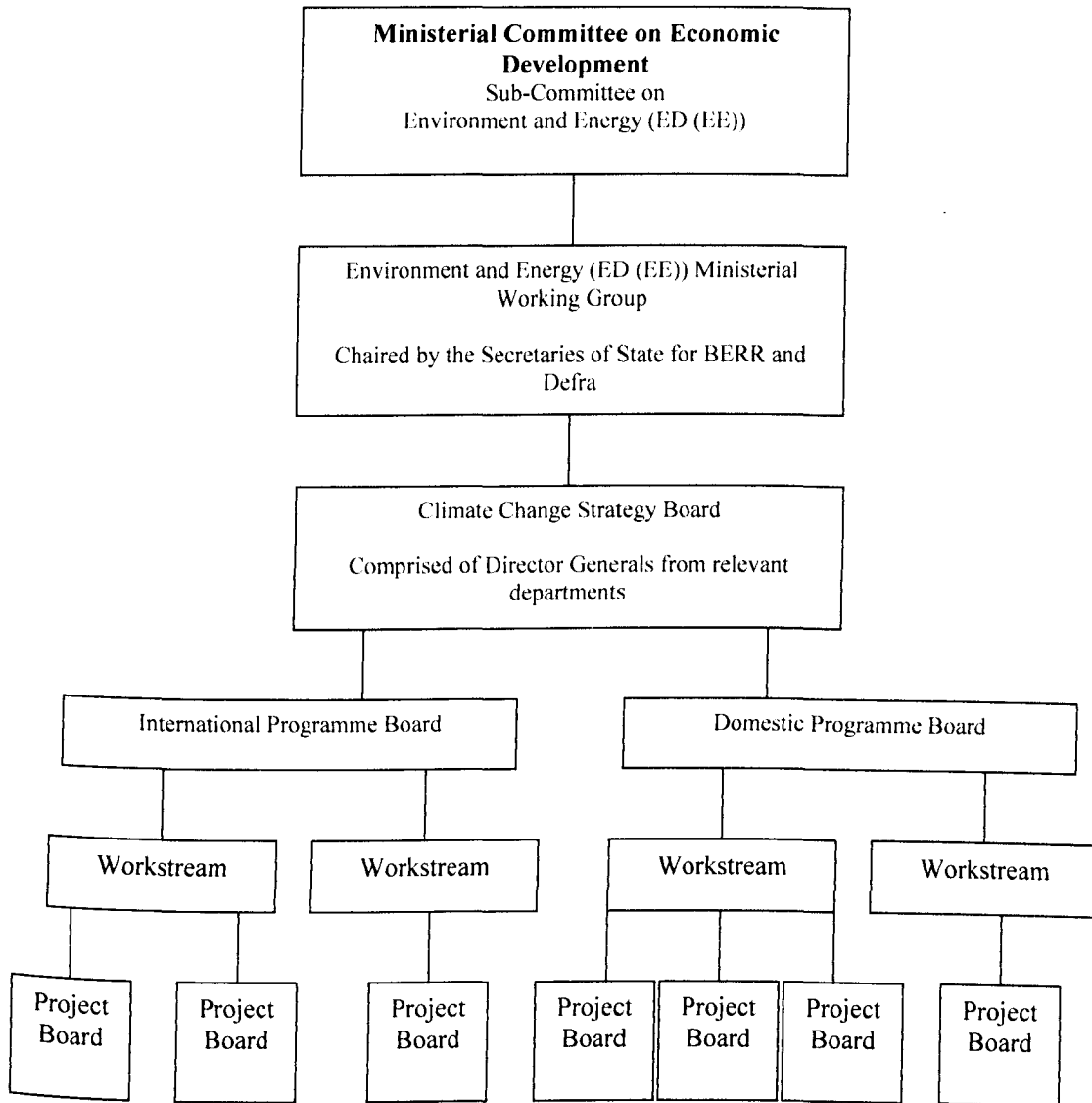
Despite the significant role of these departments, they remain outside the formal scope of the PSA target, suggesting that the complexity of climate change renders it unsuited to a target-based regime. Certainly, the broad issue of sustainable development is highlighted within several PSA frameworks, for example a core FCO objective is the promotion of sustainable development internationally, and the CLG has an explicit target for ‘the planning system to deliver sustainable development outcomes at national, regional and local levels’ (Cm. 6238, 2004, pp. 18, 28). However, the PSA framework does not make the link between these and the jointly held climate change target, and the CLG’s commitment to a sustainable planning system, for example, appears somewhat vague and intangible, at odds with the principles of a successful target outlined in Chapter 4. Similarly, the FCO’s lack of formal ownership, despite its role in international engagement in relation to the Kyoto protocol and the EU, has been criticised, with the lack of priority afforded to climate change being ‘in marked contrast to the priority accorded to terrorism and security objectives’ (HC 105, 2005, pp. 34-5). Such criticisms suggest that despite the government’s attempts to improve cross-departmental collaboration, there is a lack of joined-upness within the PSA framework itself, which has served to inhibit joint working. To improve performance against the government’s climate change objectives, it has been suggested that the PSA target should be expanded out to formally incorporate additional contributing departments. The Energy Saving Trust (EST), for example, suggested that because climate change and energy efficiency cut across the whole economy, the reduction of emissions ‘needs to be a central objective for every government department and that should include the Treasury on taxation, it should include the DFT on transport, and it should include the ODPM on housing’ (HC 130-I, 2005, pp. 17-8).

6.4.2 – Driving climate change across Whitehall

As the PSA target fails to capture the complexity of climate change as a policy area, a complementary governance structure has been created, operating across Whitehall to bring in all relevant departments, embodying elements of strategic and operational leadership. Prior to the reorganisation of central government in July 2007, climate change was under the remit of the Ministerial Committee on Energy and the Environment (EE), which was chaired by the Prime Minister. This was replaced in July 2007 by the Ministerial Sub-Committee on Energy and the Environment (ED (EE)), chaired by the Chancellor, its status as a Sub-Committee of the Ministerial Committee on Economic Development reflecting the increasing inter-connectedness between environmental and economic policy post-Stern. As detailed in figure 6.6, the ED (EE) Committee is located at the top of the governance structure, making overarching strategic decisions about the direction of climate change policy. Alongside to the target's owners, several key departments are represented at the strategic level, ensuring that all departmental interests are adequately captured. The decisions of the Ministerial Sub-Committee are then taken forward by a Ministerial Working Group, chaired by the Secretaries of State for Defra and BERR. To ensure the translation of strategic political decisions into effective policy, the Group liaises closely with the Climate Change Strategy Board, which is comprised of Director Generals from all relevant departments. Supporting the Board are the International Programme and Domestic Programme Boards, both of which being comprised of officials from across Whitehall. Various workstreams are borne out of each programme, focusing on specific aspects of climate change policy, such as the development of cleaner vehicle fuels or the promotion of energy efficiency in the home, which are operationalised at the department level by project boards. The governance structure is complemented by the reporting and monitoring arrangements in place. As part of the PSA target's formal monitoring process, Defra, BERR and DfT meet regularly at both ministerial and official levels to discuss progress towards domestic and international targets, and also report jointly to their respective departmental management boards and to the Treasury on progress (HC 966, 2006, p. 10). There is also an annual report to Parliament, which reflects on progress against the government's climate change commitments as detailed in the CCP, although any reference to the PSA target itself is conspicuously absent, which again suggests that the PSA target

simply a proxy for the government’s climate change agenda rather than an active driver of policy (Defra, 2007e).

Figure 6.6 – Governance structure in place to deal with climate change policy



Source: Derived from HC 740iii, 2007; and interviews carried out with Defra and BERR officials, 10-12 July 2007.

Within Whitehall, the governance structure that stems from the EE (ED) Committee has been welcomed for facilitating both inter- and intra-departmental co-ordination. The Director of the Office of Climate Change (OCC) suggested that the breadth of climate

change as a policy area would always cut across numerous departments and highlighted success of the governance structure in bringing together a range of diverse interests to ‘facilitate discussions between departments about very, very different policy areas’ (HC 740-iii, 2007, Q. 158). The governance structure has also been credited with consolidating Defra’s capacity to lead on climate change. Defra’s Director-General for Environment stated that the formal structures in place ‘enables us to put pressure on those departments to deliver their part of the bargain’ and to ‘bring together a number of other departments, like ODPM and Treasury, into machinery which is there to deliver the objectives of government’ (HC 693-II, 2005, Q. 50). An important factor in the success of the governance structure has been the high-level ministerial commitment. In evidence to the Environmental Audit Committee former Environment Minister Elliot Morley highlighted the importance of the previous EE Committee in providing strategic leadership

[T]he fact that that Committee, which is at the heart of government and has representatives from each of the ministries and is chaired by the Prime Minister first of all it tends to attract the senior ministers from each of the departments, and that is very important. Secondly, it gives a very clear lead right from the very top of government of the importance of energy and climate and that is absolutely crucial (HC 740-ii, 2007).

Although the Prime Minister no longer chairs the ED (EE) Committee, the presence of the Chancellor as Chair sends out a strong and important signal of the political commitment to tackling climate change at the heart of government, reflecting the government’s concern to drive co-ordination from the centre, as discussed in Chapter 3. Indeed, a senior BERR official suggested that such top-level political commitment meant that in the international arena, British ministers ‘are often the most joined-up of the international ministers there’, thus reinforcing the government’s capacity to lead by example internationally (interview, 10 July 2007). There have been criticisms of the governance structure and its ability to ensure cross-Whitehall collaboration. There is a sense amongst some within Whitehall that the structure has placed unnecessary burdens upon those charged with operationalising policy, wherein a ‘multiplicity of governance arrangements’, had increased complexity and at times resulted in a replication of efforts, necessitating ‘streamlining’ and ‘proportionate reporting burdens’ to ensure the efficient delivery of policy (interview, 11 July 2007).

The existing governance structure follows traditional departmental lines, organising functionally distinct departments around a set of centrally-driven shared goals. However, the complex and diffuse nature of climate change policy, and the resultant inability to locate it within the departmental structure suggests that an institutional deficit has emerged. In response, the government has sought to fill-in the institutional deficit created by the challenge of climate change, establishing cross-cutting institutional machinery at the operational level to drive the issue across Whitehall. With distinct parallels to the units and taskforces created in the Labour government's first term detailed in Chapter 3, in that it is cross-cutting, standalone and task-specific, the OCC was established in October 2006 to 'work across Government to provide a shared resource for analysis and development of climate change policy and strategy' (Cm. 7103, 2007, p. 14). Staffed by officials from across Whitehall and governed by a ministerial board which is a working sub-group of the ED (EE) Committee, the OCC's function is to support ministers through

- high-level management and reporting of progress on existing commitments;
- consolidating existing analysis to develop a cross-government consensus on current progress and outstanding issues;
- identifying short and medium term goals for particular sectors/areas and consequent priorities for action;
- carrying out time-limited policy-focused projects; and
- promoting understanding of climate change across government and supporting departments to adapt their policies (Cm. 7103, 2007, p. 14).

Already the OCC has been praised by the government as a key resource in delivering on climate change across Whitehall. Then Secretary of State for Defra David Miliband highlighted the way in which the OCC has brought together 'some of the top expertise and analysis... throughout Whitehall and beyond' in order to provide 'sound, objective analysis' and to determine 'what outstanding issues need to be addressed most urgently' (Defra, 2006b). The OCC has been involved in a range of projects and policy areas, for example in assisting with the preparation of the Draft Climate Change Bill; reviewing of the departmental governance of climate change policies; supporting Defra in its negotiations regarding Phase 3 of the EU ETS; and delivering the commitments of the Energy White Paper (Cm. 7040, 2006, p. 95; Cm. 7124, 2007, p. 309; HC 460, 2007, p. 61). As detailed earlier in the chapter, the inter-Whitehall climate change machinery is to

be further strengthened in the event of the passage of the Draft Climate Change Bill, which provides for the establishment of an independent Committee on Climate Change, its responsibilities for advising the government and monitoring progress against its targets complementing the work of the OCC (Defra, 2007d, pp. 7-8).

Evidence from within Whitehall suggests that a lack of strategic capacity has hindered the ability of the OCC to drive climate change across government. Indeed, the Environmental Audit Committee highlighted the limited information available on its work

The OCC keeps a very low profile; very little information about it has been published, and it has neither a website of its own nor any pages devoted to it on the Defra website (HC 460, 2007, p. 60).⁴⁶

Despite the importance of fiscal instruments in delivering on climate change and their increased emphasis post-Stern, the OCC does not have any access to or influence over fiscal levers, as acknowledged by its Director (HC 460, 2007, Q. 111). Furthermore, a former Strategy Unit adviser questioned its ability to transcend the Whitehall structure

on the political level, the [OCC] really makes no difference at all. It does not help you ensure that housing policy and climate policy are joined up or aircraft policy. That is a decision that is rightly made in Cabinet Committee and should be properly informed by proper analysis. I doubt that climate change will be particularly involved in that. I do not think you can organisationally solve that problem; it has to be done at Cabinet level (HC 740-I, 2007, Q. 50).

However, he did suggest that there was a 'huge potential' for the OCC to deliver on climate change at the operational level in terms of providing 'creative, integrated solutions that previously were languishing in gaps between departments' (HC 740-I, 2007, Q. 50). Nonetheless, the Environmental Audit Committee concluded that the OCC is 'doing valuable work, and will help to improve the quality of Government climate change policy', in particular in providing 'a resource which individual Departments can access for discrete pieces of research on climate change policy.' It did, however, question whether the OCC

⁴⁶ The OCC did launch its website in November 2007 (<http://www.occ.gov.uk/index.htm>, last accessed 26 February 2008). However, this represented a delay of over a year since the establishment of the OCC, and the content of the website still remains relatively limited.

'will have the remit to design truly cross-cutting policies, or the influence to ensure that all Departments build climate change into their thinking at an early stage', in particular highlighting its 'lack of responsibility for considering fiscal policies is a sign that this is not the case' (HC 460, 2007, p. 62). Indeed, the failure of historic attempts to drive policy across Whitehall, such as the PAR and CPRS detailed in Chapter 2, suggest that without sufficient institutional resources and the patronage of the core executive, institutional innovations such as the OCC are likely to flounder against a backdrop of departmentalism.

Concerns have also been expressed regarding the structure and functions of the Committee on Climate Change. In many respects, the work of the Committee would mirror that of the OCC, which risks the potential of duplication of effort and excessive reporting burdens, exacerbating problems already associated with the governance arrangements. This risk has been recognised by the Government, and it has been stressed that that the eventual model chosen for the Committee will ensure that there is no unnecessary replication of analysis (HC 460, 2007, Q. 87). However, there have been widespread calls to grant independence to the Committee, adopting a model similar to the Bank of England's Monetary Policy Committee, to enable it to effectively hold the government to account

The Committee really needs to have some teeth. It should not just be an advisory committee, the committee itself should actually manipulate the instruments, the instruments it will be given by Government... This is far too advisory in a woolly sense; there are no real teeth in there and that would probably overcome the almost certain political drive there will be to spin the whole thing regardless of which Government (HC 534-i, 2007, Q. 46).

Such evidence led the EFRA Committee to conclude that

[t]he Committee on Climate Change should not be a policy-making or delivery body. It should be focused on the provision of advice with regard to the budgets, and the publication of progress reports, but it must not be prevented from advising the Government on any policy matters that may come to its attention while carrying out its duties (HC 534-I, 2007, p. 28).

Indeed, the EFRA Committee suggested that the government should be required to accept the recommendations of the Climate Change Committee 'without further debate', in order

to establish its independence and ‘position the Committee’s advice alongside that of the Monetary Policy Committee whose interest rate decisions are not challenge of the Exchequer except under very extreme circumstances’ (HC 534-I, 2007, p. 28).

One possible solution to overcoming the difficulties in ensuring joined-up policy-making is the wider restructuring of Whitehall in relation to climate change, for example creating a ‘Department of Energy’ or a ‘Department of Climate Change’ (HC 740, 2007). However, any reconfiguration necessarily poses an organisational dilemma regarding lines of responsibility and determining the departmental remit, as illustrated by a senior BERR official

[T]here’s probably no right answer... unless you’re going to have a Department for Climate Change, but then...you’d have to pull bits out... Because different departments have different elements of [climate change], you’d have to pull clean transport out from the rest of transport... and you’d have to keep energy as it is, so the people doing energy security and pipelines wouldn’t be doing low carbon. The people doing motorways for traffic congestion reasons wouldn’t be doing the environmental and the sustainable (interview, 10 July 2007).

Similarly, Elliot Morley suggested that if climate change or energy were made the responsibility of a distinct standalone department, there is a ‘danger’ that it will be left to work on climate change without fully relating its work to the broader Whitehall programme, as it ‘cannot deliver unless you get all the other arms of government on side as well’ (HC 740-ii, 2007). Indeed, climate change impacts upon virtually all aspects of intra- and inter-departmental policy-making across Whitehall, defying neat organisational classification, and is in many respects a true wicked issue, as outlined in Chapter 3. Resultantly, the role of central government, in particular the core executive and Defra, in providing clear strategic leadership; in ensuring that its objectives are embedded across government; and setting a clear and robust framework for delivery is ‘more important than having a department that’s called the “Department of the Environment”’ (interview with senior BERR official, 10 July 2007). Again, the narrative of meta-governance is pertinent, suggesting that the core task of government is to steer complexity through establishing the

ground rules and parameters for stakeholder activity across all aspects of the delivery matrix (c.f. Jessop, 1994, 1998).

6.5 – Translating Policy into Effective Outcomes Across the Delivery Matrix

6.5.1 – A multi-modal, multi-agency approach

As shown throughout the chapter, the stakeholders engaged in climate change mitigation are diffuse, operating across different political arenas, and do not necessarily fall under the direct sphere of the UK government (see figure 6.1). Consequently, the government has sought to develop a range of tailored tools appropriate to the needs of those delivering its climate change commitments on the ground. Whilst the instruments at the government's disposal are multiple and varied, they roughly fall into four main groups

- i. **Direct regulation** enables the government sets physical or economic rules under which stakeholders must act, for example limiting the use of polluting technologies, or setting regulations that ensure a certain amount of renewable energy is produced.
- ii. **Economic or market-based instruments** can allow the government to set market signals to encourage particular outcomes without directly intervening, for example using the taxation regime in the energy sector to encourage greater energy efficiency amongst consumers.
- iii. **Performance standards**, for example in relation to domestic appliances and road vehicles, can encourage the uptake of energy efficient products.
- iv. Effective **information policy** can stimulate innovation and competition in environmentally friendly services and goods, enabling the end-user to make informed purchasing and consumption choices, for example through product labelling and public information campaigns (PIU, 2002, pp. 42-3; Better Regulation Commission, 2007, p. 18).

In turn, this toolkit (c.f. Hood, 1983) has been applied to a series of policy approaches, classified by the Stern Review as focusing on carbon pricing, technology and behavioural change (HM Treasury [The Stern Review], 2006c, p. 308). Within this, the government has sought to target individual sectors, as reflected in the CCP's focus upon the energy supply, business, transport, agriculture, domestic and public sectors, which has led to the number of policy tools in existence mushrooming in recent years. Indeed, Defra's Director General of Environment stated that the CCP alone are 'some 70-odd different policy measures that we might be able to use to close the gap between where we are now and the 20 percent target' (HC 693-II, 2005, Q. 58).

The most significant regulatory obligations relate to the availability and uptake of cleaner fuels and renewables. The Renewables Obligation (RO), established in 2000, requires all electricity suppliers to increase the proportion of electricity provided by renewable sources to 10 percent by 2010, in line with the government's PSA commitment (Cm. 4913, 2000, p. 64). The scope of the RO has since been extended to 15.4 percent by 2015-16 in order to 'enhance investor confidence in renewables', which will remain in place as a minimum standard until 2027 to 'provide a stable and long-term market for renewable electricity' (Cm. 6764, 2006, p. 36). The RO is enforced by the *Renewables Obligation Order 2002*, a statutory instrument designed to ensure compliance and reporting standards amongst electricity suppliers, and the *Energy Act 2004*, which established a strict exemption criterion and empowered the Secretary of State to levy penalties for suppliers in the event of non-compliance (ss. 112-5). The government has also sought to engage energy suppliers through the Energy Efficiency Commitment, introduced 2002, which obliges gas and electricity suppliers to achieve targets for the improvement of energy efficiency in the domestic sector whilst allowing them determine the means of delivery, complementing the provisions of RO (Cm. 6764, 2006, pp. 78-9). A range of regulatory obligations are also imposed by the EU, particularly in relation to the efficiency and quality of vehicle fuel. The Fuel Quality Directive (98/70/EC) introduced strict fuel quality specifications for petrol and diesel fuels, which lead to an EU-wide ban on leaded petrol in 2002. This was strengthened in 2003, when upper limits on the sulphur content of petrol and diesel and the

phasing-in of ultra-low sulphur fuel were introduced (2003/17/EC).

Emissions trading has played a significant role in reducing emissions from business and industry. The UK's first experience of emissions trading was under the UK Emissions Trading Scheme (UK ETS), launched in 2002 as part of the CCP's commitment to 'working with the market' in order to 'provide appropriate signals and incentives' (Cm. 4913, 2000, p. 61). The voluntary scheme ran between 2002-06, bringing in 31 Direct Participants who committed to reduce their GHG emissions, with incentive payments being made to those achieving sufficient reductions (Cm. 6396, 2004, p. 39). Indeed, the UK ETS was the world's first economy-wide GHG emissions trading scheme, and its success led the government to suggest that the UK was now at the forefront of emissions trading, reflecting its ambition to lead by example in the international arena (Cm. 6692, 2005, pp. 55-6). Since January 2005, the largest sectors of business and industry have also participated in the EU ETS, covering around 1,000 installations including industrial plants in the iron and steel, cement and chemicals sectors, which together are responsible for around 50 percent of the UK's GHG emissions, with further sectors to be incorporated into Phase II of the scheme, which runs between 2008-12 (HC 105, 2005, p. 22). A range of financial tools have also been applied. The Climate Change Levy came into effect in April 2001, and placed a fixed levy rate on electricity, gas, LPG and solid fuels (Cm. 5269, 2001, para. 6.19). Although frozen in successive Budgets until 2006, a rise in April 2007 was announced in order to 'maintain the Levy's environmental impact' (Cm. 6984, 2006, p. 164). There are several exemptions to the Levy, including energy provided by renewables and good quality CHP (Defra, 2004c). The Levy is not applicable to energy used by the domestic sector and public transport to an adverse impact on the government's fuel poverty and sustainable transport goals, which also demonstrates the tension between electorally sound policies and environmental 'goods.' Safeguards have been enacted to protect the economic competitiveness of energy-intensive industries. Climate Change Agreements were established in 2001, allowing energy-intensive sectors of industry an 80 percent Levy discount in return for meeting challenging energy efficiency targets, eligibility being extended to a total of 50 sectors in 2004 (HC 342, 2007, para. 7.63). Fiscal tools have also

been applied to the domestic sector, underpinned by rational assumptions regarding their impact. They have been utilised to promote the take-up of cleaner vehicles and fuels, for example Vehicle Excise Duty was reformed in 2000, indexing tax bands to engine size to 'provide a powerful sign to motorists when they are buying their cars' (Cm. 4913, 2000, p. 92). Similarly, fiscal measures have been adopted to promote the take-up of energy efficient products, for example reducing the VAT payable on the installation of energy-saving materials, including CHP installations, wind turbines and solar panels, from 17.5 percent to 5 percent (Cm. 4913, 2000, p. 105).

A range of performance standards have been introduced, which often focus upon specific products, complementing the role of effective information policy in enabling consumers to make environmentally sound purchases. The government has introduced a range of performance standards to improve the energy efficiency of homes. Product standards have been incorporated into Building Regulations, for example raising the standards of new and replacement boilers for new and existing properties. Other interventions include the Code for Sustainable Homes, which details energy efficiency standards for new properties; and the Decent Homes Standard, which seeks to improve the standard of social housing stock, a key criterion being 'thermal comfort' (CLG, 2006, p. 4; Cm. 6764, 2006, p. 88). The main objective of Future Vehicles Strategy relates to the development and take-up of new vehicles technologies and fuels, and stipulates that 10 percent of all new car sales having tailpipe emissions of 100 g CO₂/km or less by 2012 (DfT, 2002, pp. 4-6). A range of compulsory energy efficiency standards have been introduced by the EU, for example through the Ecodesign of Energy Using Products (EUP) Directive (2005/32/EC), which establishes formal product standards for energy-using products sold within the EU and is hoped to reduce energy consumption by 10 percent. Finally, as many manufacturers fall outside the direct political scope of the EU the UK government has led on establishing the International Task Force which seeks to promote greater co-operation on labelling and standards policy, encouraging international benchmarking wherever possible (Cm. 6764, 2006, p. 84).

Predominantly focused upon the domestic sector, whose individual volition is essential to achieve the government's climate change goals, the approach to information policy has been based upon public information campaigns and improved product labelling. Numerous public information campaigns have been established to invoke behavioural change across the domestic and business sectors. Several ran, such as the 'are you doing your bit?' campaign, which ran from 1998-2000 and was credited with raising people's awareness of the 'benefit of simple messages', such as switching lights off and turning appliances off standby (DETR, 2000, p. 10). More recent campaigns include the aforementioned 'Act on CO2' campaign, which utilises a multi-media toolkit of engagement. Its key innovations include a CO2 calculator, which provides individuals and households with a profile of their direct CO2 emissions, based on their lifestyle accompanied by tailored recommendations to improve their energy efficiency (Cm. 7124, 2007, p. 62). The EST has also developed consumer information, for example launching the 'Energy Efficiency Recommended' logo in 2002, which enables consumers to easily identify energy efficient products (Cm. 5105, 2001, p. 67). Domestic information policy has also been complemented by a range of EU Directives. To support the uptake of cleaner vehicles technology, the EU has also sought to empower the consumer to make clear, informed choices through the introduction of the Labelling Directive in 1999, which requires all new cars to display a label relating to fuel consumption and carbon emissions, the publication of national guides on the fuel efficiency of new cars, and the visible display at car dealerships of fuel efficiency information (1999/94/EC). The EU has also devised household appliance labelling schemes to increase consumer awareness. This has been enshrined in a series of Directives relating to appliance labelling, including dishwashers (1999/9/EC), electric ovens (2002/40/EC) and refrigeration units (2003/66/EC).

To assist in the application of tools and delivery of outcomes, the government has created a series of standalone delivery agencies one step removed from the functional scope of Whitehall, which reflects the emphasis on service delivery within the government's reform agenda, detailed in Chapters 3 and 4. The main institution created is the Carbon Trust,

established following the 2000 SR (Cm. 4808, 2000, para. 4.17). It is an independent company funded by Defra, the Scottish Executive, the Welsh Assembly Government and BERR, whose role is

to help the UK move to a low carbon economy by helping business and the public sector reduce carbon emissions now and capture the commercial opportunities of low carbon technologies.⁴⁷

Much of the Carbon Trust's work has focused upon the promotion of energy efficiency, which has been presented as a win-win solution for business and industry, reducing both emissions and operating costs. Specific projects have included advising businesses on improving their energy efficiency; administering interest-free loans to fund capital projects such as the installation of lighting, insulation and boilers; and promoting the Enhanced Capital Allowance Scheme, which provides companies with full tax relief on the purchase cost of designated energy efficient equipment (Cm. 6764, 2006, p. 50). The work of the Carbon Trust is complemented by the EST, which has been a key institution in delivering on citizen engagement, one of the key aspects of climate change mitigation (EST, 2007b). Although its main focus has been upon the domestic sector, the EST has also targeted small local enterprises, promoting energy efficiency through advertising, advice centres and the endorsement of energy efficient products (Cm. 6219, 2004, p. 38). Finally, the Climate Change Project Office was established in 2004, jointly funded by the DTI and Defra, as a 'Government advisory office for UK businesses wishing to be involved in the project opportunities arising from the Kyoto Protocol.' Thus, rather than directly securing the reduction of emissions from business and industry, the Office seeks to encourage the development of commercial projects, such as the management of biodegradable waste and carbon storage, which would contribute to the government's international obligations (Defra and DTI, 2004, p. 4).

⁴⁷ <http://www.carbontrust.co.uk/about>, last accessed 21 June 2007.

The government has also sought to engage with its local political partners in order to facilitate effective delivery on the ground. LAs have a key role to play in driving delivery, as emphasised in the 2000 CCP

Local authorities have a special status as local, directly elected bodies. They are uniquely placed to provide vision and leadership to their local communities, and their wide range of responsibilities and contacts means that they are critical to the delivery of this programme. They can take forward the action needed on the ground to cut emissions, working with local communities, and will be central to efforts to adapt to the impacts of climate change (Cm. 4913, 2000, pp. 40-1).

LAs are perceived of as important conduits for citizen engagement and have been able to apply for grants funds under Defra's Climate Change Communications Initiative between 2006-8 for tailored local awareness campaigns (EST, 2007a, p. 18). Furthermore, service delivery responsibilities relating to housing, planning and local transport provides numerous opportunities for LAs to have 'significant influence over emissions in their local areas' (Cm. 6764, 2006, p. 105). Accordingly, opportunities for mutual support and the sharing of best practice have also been created, for example the Nottingham Declaration was launched in 2000 as a voluntary commitment to tackling climate change, accompanied by a tailored programme of support (Cm. 6764, 2006, p. 107). LAs are supported in their work on climate change by the GO, which has a particular role in facilitating stakeholder co-operation across a variety of sectors to achieve local strategic outcomes. However, there is currently an element of disjuncture between local performance framework complements national targets such as the climate change PSA, in particular regarding the absence of any BVPI relating to climate change and associated issues, and there is no formal obligation upon LAs to focus on environmental issues in their LAAs. Indeed, the current set of BVPIs are being replaced by a single set of national indicators in 2008, which will strengthen the LA performance framework by introducing indicators focusing on CO₂ emissions from LA estates, per capita CO₂ emissions in an LA area, and adaptation to climate change. Again, there is no obligation upon LAs to set formal climate change targets as only a maximum of 35 of the 198 indicators can be incorporated into LAAs, although a senior official from GO suggested that they would exercise a 'key role in looking at targets and delivery on a local level', to ensure that LAs adopt targets where appropriate and in providing a challenge function (interview, 17 October 2007).

6.5.2 – *Barriers to delivery*

Whilst the success of interventions to reduce emissions varies, the net result has been poor performance against the domestic target of a 20 percent reduction in emissions by 2010. It is therefore possible to detect some common barriers which have affected the impact of the policy tools developed by the government. The key difficulty faced by the government is in securing adequate leverage over its stakeholders, many of whom remain outside its direct sphere of influence, as detailed in figure 6.1. Difficulties in securing change across the energy sector, for example, have been compounded by the relative loss of control over energy suppliers since their wholesale privatisation in the 1980s, as the government ‘now has fewer policy levers or instruments than it had’, forcing reliance upon ‘the effectiveness of markets in choosing between energy options and allocating energy resources’ (PIU, 2002, p. 41). A further difficulty has when the design of delivery tools requires the co-operation of a range of political actors, for example in securing consensus regarding the future of the EU ETS. The UK government has sought the expansion of the Scheme under Phase II, pressing for the inclusion of aviation, shipping and surface transport emissions in the scheme (Cm. 6984, 2006, paras. 7.80-2; Defra APR, 2006, p. 26). However, the European Commission decided against the inclusion of aviation emissions in Phase II, stating that ‘more experience and evaluation’ of the Scheme is needed, therefore it would be ‘premature... to make legislative proposals at this stage’ (COM 676, 2006, p. 2). Negotiations are currently underway regarding the inclusion of shipping and aviation in Phase III (2013-2020) of the EU ETS, although it remains uncertain whether any of the UK government’s demands regarding shipping and aviation will be incorporated, as there is significant disagreement about the suitability of a trading scheme as a way of tackling emissions from these sectors. Furthermore, many stakeholders exist outside both the domestic and European political arena, exacerbating problems of securing leverage. A key example is car manufacturers, the majority of which being outside the direct scope of both the UK and the EU. This is reflected in the failure of EU Voluntary Agreements, as whilst emissions from the average new car sold in the EU were 12.4 percent less in 2004 than in

1990, the cars sold over this period have become ‘significantly bigger and more powerful, while prices increased less than inflation.’ This led the Commission to conclude that without additional measures the 2012 target would not be met, rendering it ‘necessary to resort to a legislative approach’ accompanied by ‘urgent action’ from member states (COM 19, 2007, p. 6).

One key group of stakeholders which the government has experienced difficulties in securing leverage over is the electorate, and a significant challenge has been in securing cultural and behavioural change. Certainly, the government has acknowledged the numerous barriers facing domestic sector engagement

It involves the decisions of millions of individuals and their response is hard to predict. People can be reluctant to introduce energy efficiency measures, even when they are demonstrably cost effective for a variety of reasons – lack of information, the up-front investment required, other spending priorities, inertia, or an unwillingness to become involved in even limited building measures (Cm. 4913, 2000, p. 102).

Whilst the government has not pointed to specific problems, it has acknowledged that ‘significant barriers remain, especially the lack of consumer demand for energy efficiency measures’ (Cm. 6764, 2006, p. 74). However, as demonstrated throughout this chapter, there has been a tension between environmental ‘goods’ and public appeasement. In particular, it has been suggested that the government has over-emphasised energy efficiency at the expense of reduced consumption, which has failed to tackle consumer energy demand and break the link between economic prosperity and demand (HC 1452, 2006, Ev. 109). A key area where securing behavioural change has proven challenging is the use of domestic transport, wherein the emphasis upon promoting vehicle and fuel efficiency, rather than reducing the number of miles travelled, which fails to tackle the behavioural and cultural aspects of transport use. This approach was explicit in relation to the RTFO, which was estimated to ‘cut CO₂ emissions by one million tonnes, equivalent to taking one million cars off the road, *without stopping people from travelling*’ (Cm. 6817, 2006, p. 105, emphasis added). Furthermore, the growth in both the number of vehicles on the roads and transport emissions, exacerbated by the ever-widening gulf between real

household disposable income and the real cost of motoring, suggests that the rational assumptions underpinning fiscal measures such as reform to Vehicle Excise Duty remain flawed and unrealised (DfT, 2006, p. 152; HM Treasury, 2006a, p. 164). Indeed, there are several obvious contradictions in policy aimed at the end-users of transport, such as the Treasury's decision to abolish the fuel duty escalator and the subsequent freeze on duty until 2006, both of which further lowered the real term costs of motoring (Cm. 4917, 2000; HM Treasury, 2006a). These examples illustrate the tensions between the government's environmental, social and economical objectives on the one hand, and the underlying political imperative of developing voter-friendly policies on the other. Indeed, interviewees from across Whitehall, GO and LAs all suggested that ensuring successful engagement with the domestic sector was one of the major challenges for the long-term future of climate change mitigation (interviews, July-October 2007).

Whilst LAs have had a key role in delivering the government's climate change commitments, particularly regarding stakeholder engagement, there is evidence to suggest that the government has failed to offer adequate resources and leadership. Stakeholder evidence given to the EST suggests dissatisfaction with the enabling framework created, with central government being criticised for failing to offer sufficient support to LAs through a lack of strategic leadership, insufficient joined-up working across government and the poor communication of policy information from the centre. Indeed, evidence highlights a general unawareness of many of the policy decisions and initiatives taken at the centre, which had engendered frustration with central government for its perceived inactivity in relation to climate change, in turn demonstrating the importance of effective communication (Centre for Sustainable Energy, 2007, pp. 16-7). These criticisms were reiterated in interviews with senior LA officials

There's a lot of good words. There's not a lot of practical support or practical solutions. I think that's the gap. There's also still not a clear steer on what is expected. There's a lot on good practice, but not concrete examples; there's nothing very clear to work towards (interview, 16 October 2007).

It's very ad hoc; there's a real problem that it's not joined-up. It's variable issue-to-issue and it's not consistent. There's plenty of conflicting policies coming from other agendas, so it's certainly not embedded (interview, 30 October 2007).

Similar criticisms were made by the Environmental Audit Committee, which suggested that 'patchy performances' between LAs were indicative of insufficient central leadership and communication, which had led to 'little incentive for local or regional consideration of climate change issues' (HC 460, 2007, pp. 25-7). Such evidence runs counter to the underpinning principles of the PSA framework, as detailed in Chapter 4, which sought to unite core and periphery around a set of shared objectives, based on the principles of freedom and flexibility and earned autonomy. Whilst the implications for central-local relations shall be discussed in greater detail in Chapter 7, it does appear that the government has failed in its attempts to drive joined-up delivery through strong central leadership, its lack of clarity and consistency in pursuit of its climate change goals risking the problems associated with operational overload highlighted in Chapter 4. Nonetheless, the government has suggested that the new performance regime, in place from April 2008, will improve upon the current situation, wherein the setting targets 'will be the subject of genuine negotiation', thus affording local areas the 'flexibility to respond to these national ambitions in the most appropriate way' (CLG, 2007, p. 4).

Finally, as shown by the Stern Review market failures have undermined progress against climate change objectives, in particular the failure to fully internalise the true environmental costs of goods and services. This is reflected the difficulties in securing investment in expensive renewable technology and the market's failure to reflect the external costs of fossil fuels. Indeed, current figures show that in 2005 only 4.0 percent of electricity was supplied from renewable sources, the present trajectory indicating that the 2010 target of 10 percent will not be fulfilled (DTI, 2006, p. 169). It must be noted that many EU member states, have faced common challenges such as encouraging investment in renewables; the failure of the energy market to fully reflect the external costs of fossil fuels; and the difficulties in steering a decentralised and diffuse network of energy providers (COM 848, 2006, pp. 4-5). For the UK government this has been compounded

by the relative loss of control over energy suppliers since their wholesale privatisation in the 1980s, as the government ‘now has fewer policy levers or instruments than it had,’ whilst relying increasingly upon ‘the effectiveness of markets in choosing between energy options and allocating energy resources’ (PIU, 2002, p. 41). The likely failure to meet the RO also suggests that technological barriers to change exist, and the feasibility of an increased emphasis on renewable sources has been challenged. The EFRA Committee suggested that many renewable technologies would be ‘commercially non-viable for many years.’ It also warned that any increase in renewable energy ‘may not be sufficient to compensate for decline in electricity from nuclear sources, resulting in an increased dependence on fossil fuels’, which may result in a rise in emissions (HC 130-I, 2005, p. 28). Furthermore the capacity of the EU ETS to create a viable, functioning carbon market appears uncertain. One BERR official suggested that ‘the carbon price is not very high because there’s over-allocation of carbon allowances’, which had led to slippage against the expected outcomes of Phase I, although tighter allocations in Phases II and III were expected to improve its performance (interview, 17 July 2007). Indeed, the Environmental Audit Committee challenged the importance of the EU ETS, stating that by covering only half the emissions of members, it ‘does not currently represent a comprehensive solution to emissions reductions,’ whilst the ‘relatively short-term and undemanding’ targets fail to provide ‘an adequate framework within which industry can invest in low-carbon technologies’ (HC 105, 2005, p. 21), which again highlights problems in securing leverage over all stakeholders involved in climate change mitigation.

6.6 – Conclusion: The Emergence of Climate Change as a True ‘Wicked Issue’

Overall, progress towards the government’s climate change PSA target has proved challenging. The commitment to reduce GHG emissions by 12.5 percent by 2010, in line with the UK’s Kyoto obligation, is likely to be realised as the government is on course to achieve an overall reduction of 20 percent. However, its ambitious domestic goal of reducing CO₂ emissions by 20 percent by 2010 is unlikely, as latest projections suggest

that reductions are will fall short of the target at around 16 percent (Cm. 7103, 2007, p. 13). As shown throughout this chapter, climate change is a diverse, multi-faceted and all-encompassing policy problem, which has necessitated a matrix response. However, the complexity has risked incoherency and overlap, illustrated for example by the tensions between the development of renewables vis-à-vis concerns regarding economic competitiveness, or the expansion of the government's road-building programme despite the continued rise in transport emissions. Such inconsistencies were highlighted by the Environmental Audit Committee, which stated that joint working had been impeded by complexity, whilst an absence of cross-Whitehall consensus on climate change had risked the policy silos that joint PSA targets were intended to avoid (HC 740, 2007, p. 23). Nonetheless, the business-as-usual projections of the CCP suggest that without the actions taken by the government since 1997, CO₂ emissions by 2010 would only be 1 percent lower than in 1990.

Many of the challenges faced by the government are indicative of the diffuse nature of climate change policy and the multiple levers that need to be engaged with outside of Whitehall. As demonstrated throughout, the global implications of climate change necessitate a concerted international political commitment to delivering a solution. Yet, whilst co-operation is crucial to securing change, it substantially increases the number of veto points along which policy can falter (Scharpf, 1997), as demonstrated by the inability to secure agreement on the post-2012 Kyoto framework or the difficulties in agreeing on the appropriate scope of the EU ETS. Such problems are further compounded by the potential disjuncture between short-term political expediency and the long-term economic and behavioural sea-changes necessary to limit the worst effects of climate change. The policy delivery landscape is also characterised by complexity, as many stakeholders fall outside the formal sphere of government. In such a complex delivery landscape, the government will inevitably face challenges in securing its outcomes. In particular, the government has struggled to ensure the behavioural change necessary amongst individuals, who appear unwilling to accept any of the inconveniences necessary to secure climate change mitigation, such as limiting its consumption of energy and use of personal vehicles.

Together, this is evidence of the inherent complexity of climate change, wherein the multiple policy responses necessary to tackle the various facets of the issue has resulted in a fragmented delivery landscape. Indeed, such fragmentation has led climate change to assume the guise of a wicked issue, as detailed in Chapter 4, as it defies containment within the Whitehall structure, bedevilling attempts at organisational reform which seek to rationalise it to a single institutional structure.

Against this backdrop of complexity, the challenge for government is to weave a path through and develop appropriate tools of engagement that steer external stakeholders towards its desired policy outcomes. In many respects, the government's response to these challenges bears the hallmarks of meta-governance, as it has sought to manage complexity by establishing itself as a model of good practice across various geo-political contexts and setting the parameters within which governance transactions take place (Jessop, 1998, pp. 40-4). This is evidenced by the many non-interventionist tools developed by the government, which define expectations without stipulating a rigid programme of action such as introduction of emissions trading, the use of financial incentives and the setting of outcome-focused targets in relation to renewables and vehicle emissions. In this context, effective leadership is key in ensuring progress towards the government's domestic and international policy commitments, as the unique issues posed by climate change have challenged the boundaries of the state, prompting a reconsideration of the strategic and operational scope of government (Flinders and Matthews, 2007). Nonetheless, the complexity of climate change and the inability of the UK government to unilaterally access the key levers to change, means that future challenges can only be anticipated without being controlled for. In this context, the challenge for government is not solely in developing effective tools of cross-sectoral engagement and reinforcing its strategic and operational leadership capacity; but in ensuring the sustained flexibility, momentum and political commitment necessary to deliver long-term outcomes within a diffused and uncertain policy landscape. The following chapter shall analyse the challenges and issues highlighted within this Chapter and the previous case study in Chapter 5, determining their fit with the PSA regime and the government's broad reform agenda (Chapters 4 and 3).

This will in turn provide a full rejoinder to the questions raised in Chapter 2, determining whether the literature on governance provides an explanatory model of the contemporary British state; the extent to which the ideas of fragmentation and hollowing-out can be applied; and whether the government's reform agenda and multiple policy responses represent an active recognition of, and response to, the perceived challenges that have beset the strategic and operational capacity of government from the mid-1980s onwards.

Chapter 7 – Analysis of the PSA Framework as a Tool of Strategic Governance

I think there's an inherent tension between programme management and performance management around targets with the governmental system and the minister's own policy areas... a tension between the traditional performance management mechanism and the mechanisms of government (interview with senior DfT official, 10 July 2007).

Throughout Part II, the thesis sought to determine the extent to which the government is able to steer and co-ordinate the policy-making and implementation process, focusing specifically upon the extent to which the PSA framework has succeeded as a tool of central control and co-ordination over departments and their stakeholders. In assessing the impact of the PSA framework vis-à-vis the case study policy areas of Chapters 5 and 6, a range of common themes were identified, such as the complexity and engagement of multiple stakeholders necessary to realise the government's objectives. Nonetheless, there were also significant differences, in particular regarding the extent of the government's leverage in each policy area. The purpose of this chapter is to develop the key themes identified in the case study chapters and to provide an analytical 'bridge' between the theoretical backdrop of the governance literature in Part I to the empirical observations of Part II, in order to determine the extent to which emerging theories of governance accurately capture and reflect the current capacity of the British central government. Herein lies the key contribution of the thesis to current academic discourse, providing the first comprehensive analysis of the PSA framework, both as a tool of central steering, and as a response to the perceived challenges of governance. As Chapter 1 suggested, the scope of the PSA framework is unparalleled, acting as the main vehicle of public expenditure and policy-making across Whitehall since 1998, supporting between 110-600 targets at any given point. The purpose of an in-depth analysis of two single targets is therefore not to provide detailed conclusions about every aspect of the PSA regime, or every target that it supports. Instead, by comparing the research findings of Chapters 5 and 6 with the initial analysis of Chapter 4, which are in turn related to broader theoretical and empirical context detailed in Chapters 2 and 3, the observations of Part II can be teased apart to identify the wider

conceptual and empirical challenges that have been pertinent to the capacity of the British state since 1997.

In order to enable such conclusions to be drawn, the chapter will proceed as follows. Firstly, the extent to which the PSA framework has restored the capacity of the centre shall be considered, examining its role in improving central co-ordination. Its role in improving intra- and inter-Whitehall co-ordination under the banner of JUG will then be analysed, focusing on the suitability of the distinction between 'joint' and 'departmental' targets. Finally, the delivery of the government's policy objectives on the ground will then be considered, highlighting the emergence of a 'delivery matrix.' Overall, the main conclusions that can be drawn from the empirical observations of Part II suggest that the PSA framework is a conscious response to the challenges of modern governance in a diffused polity, wherein the government has actively sought to restore its strategic capacity through institutional innovations in order to realise its desired policy outcomes. However, in many respects the PSA framework has been conceived of according to traditional Whitehall lines, assuming a relative linearity between the core executive, central spending departments, and delivery agents on the ground. This simple characterisation belies the increasing complexity of the political landscape, wherein distinctions between public and private; domestic and international; political and non-political are becoming increasingly blurred. Whilst such tensions have been evident in the past, the rapid expansion of areas deemed suited to governmental activity; expectations of the electorate upon government; and the volume of stakeholders involved in all stages of the policy-cycle render the traditional Whitehall-centric model of policy-making increasingly anachronistic.

7.1 – The Extent of Central Capacity and the Effectiveness of the PSA Regime as a Tool of ‘Filling-in’

7.1.1 – The coherency of the core executive and the empowerment of the Treasury

A key concern of the Labour government (1997-2007) has been to improve the capacity of the core executive to steer the policy-making process and achieve its overarching strategic policy outcomes, as discussed in Chapter 3. Accordingly, numerous changes were instigated within the core executive, including the expansion of the Policy Directorate, the co-option of an increased number of special advisers within Number 10, and creation of a ‘Cabinet Enforcer.’ The concern to ‘fill-in’ the strategic capacity of the core executive was also imperative in the design of the PSA framework, as shown in Chapter 4, wherein the centre sought to adopt an increasingly active and interventionist role in ensuring progress against targets, engaging with departments in a ‘continuous process of scrutiny and audit’ (Cm. 4011, 1998, para. 4.11). Indeed, Tony Wright, chair of the PASC, described the PSA system as an overt ‘attempt to develop a stronger corporate centre in government’ (interview, 29 June 2006). In particular, the regime has sought to empower the Treasury, revitalising its role in the domestic policy-making process, consistent with the image of ‘a “strong” Treasury that actively intervenes in public activity’ (James, 2004, p. 399). Evidence from both case studies demonstrated that the government had sought to employ the PSA framework to revitalise the strategic capacity of the core executive. In both instances, the PSA targets represented a top-level articulation of the government’s headline priorities within a broader policy area: the commitment to improve household waste recycling reflecting the wider commitments of the government’s Waste Strategy (Cm. 4963-1, 2000; Cm. 7068, 2007); and the climate change mitigation target representing the broad range of policy commitments within the CCP (Cm. 4913, 2000; Cm. 6764, 2006). Both case studies also demonstrated the extent to which the core executive has sought to respond to the challenges of the targets in terms of providing strategic leadership and a model of good practice. In relation to household recycling, the centre sought to ‘disseminate information, raise awareness and provide clear leadership’, whilst ‘increasing

recycling of its own waste’, which was underpinned by an overarching legislative framework (Cm. 7068, 2007, p. B2). Similarly, the government sought to posit itself as an exemplar of best practice regarding climate change mitigation in both the domestic and international arenas, which was again underpinned by a legislative framework, set to be further strengthened following the passage of the Draft Climate Change Bill (Cm. 7040, 2007).

Nonetheless, the extent to which the core executive has been able to assert itself through the PSA framework has been impeded in several ways. As suggested in Chapters 3 and 4, there has been lack of unity between the various core executive actors. Despite its intended purpose as the main vehicle of public policy and expenditure within Whitehall, the Treasury-driven PSA framework exists alongside a multitude of institutional innovations within the core executive which have similar responsibilities for policy co-ordination, such as the PMDU and PIU/Strategy Unit, which report directly to the Prime Minister. This led to the suggestion that ‘more confusion than clarity’ had been created ‘about who is responsible for policy on performance issues’ (Talbot, 2000, p. 65). Such confusion was evident in both case studies. It was demonstrated that the PSA framework was part of a broad basket of innovations across the policy area, whose fit was not always apparent. In both areas, Number 10-sponsored reports were published which criticised the direction of the climate change and recycling PSA targets (e.g. PIU, 2002; Strategy Unit, 2002). Whilst the PIU/Strategy Unit exists to provide a strategic challenge function, its critical evaluation of the case study targets suggests that there has not been the wholesale sign-up to the framework’s targets within the core executive as intended, undermining the regime’s effectiveness in cohering the core executive around a set of commonly shared objectives. Furthermore, a lack of coherency between the government’s headline PSA targets and broader policy programmes was evident. The government’s Waste Strategy, for example, continually emphasised the importance of sustainable waste management across all streams, whereas the PSA target focused solely on household waste, whilst setting subtly different targets for household waste recycling than under the PSA framework (Cm. 4693-1, 2000). Indeed, in the instance of climate change it was apparent that the PSA target

simply acted as a proxy for the government's broad policy agenda, existing alongside a range of policy drivers such as the CCP (Cm. 4913, 2000; Cm. 6764, 2006), Stern Review (HM Treasury, 2006c) and Draft Climate Change Bill (Cm. 7040, 2007), all of which contained alternative targets and performance indicators that did not necessarily cohere with the government's two-fold PSA commitment.

Furthermore, tensions between the Cabinet Office and the Treasury were highlighted in Chapters 3 and 4, the latter being charged with encroaching on the traditional policy co-ordination remit of the former, despite the existence of a shared PSA target to 'improve public services by working with departments to help them meet their PSA targets... consistently with the fiscal rules' (Cm. 6238, 2004, p. 42). Indeed, it had been suggested that the Treasury was ill-suited to co-ordinating and driving policy objectives across Whitehall as there was an inherent incompatibility between economic objectives and the social objectives embedded within the PSA regime (HC 378, 1999). Whilst tensions between the Cabinet Office and Treasury are longstanding and reflect the functional differences of each department, as highlighted in Chapter 2, it appears that the PSA framework has institutionalised such cleavages through the significant interventionist powers that it has bestowed upon the Treasury in all areas of social policy, rather than aspects directly related to expenditure (Lee and Woodward, 2002; Burch and Holliday, 2004). The tensions between the various components of the core executive were evident in the instance of the climate change PSA target. One former Strategy Unit adviser, for example, suggested that there had been a 'constant struggle between the Treasury and Cabinet Office structures, as the Cabinet Office tries to align objectives and the Treasury tried to align people around money' (HC 740-ii, 2007, Q. 44). Indeed, the Environmental Audit Committee suggested that the responsibility for driving climate change policy across Whitehall should be transferred to the Cabinet Office due to its 'power and central co-ordinating function', recommending the establishment of Climate Change and Energy Secretariat within the Cabinet Office to 'focus on the implementation and delivery of policy within the departments' (HC 740, 2007, para. 36). However, such a transfer of functions would be at odds with the underpinning rationale of the PSA regime, as by creating a

separate source of strategic oversight and co-ordination, the risk of turf warfare and confused accountability would exist, particularly as the Treasury would still be intimately involved in the administration of other aspects of climate change mitigation, such as driving through the recommendations of the Stern Review, perceived as a 'concerted attempt' by the Treasury to 'reinforce the message that climate change is a high economic priority' (Jordan and Lorenzini, 2007, p. 312).

The extent to which the PSA framework has 'filled-in' the strategic capacity of the core executive has been further compromised by the weak system of sanctions and incentives accompanying it. In theory, the PSA framework sought to reinforce the role of the core executive by firmly fixing financial allocations to the achievement of target outcomes, in order to align the spending departments around the government's key strategic objectives. This was reiterated in interview by a senior Treasury official

We are powerful in that the Treasury decides how much money the departments will get and what targets they have to commit to, and then we kind of stay on their case. So, in terms of holding people to account, setting their overall budgets, and sometimes making their life difficult for them – yes, of course we play that role, and departments feel that and are not always that pleased about it (interview, 29 June 2006).

Nonetheless, evidence suggests that accountability has been undermined by the near-absence of effective sanctions for departments who fail to reach their targets, which led to the PASC suggesting that the 'PSA exercise has no teeth whatsoever' (HC 62-II, 2003, para. 3.4). As the PSA to improve household recycling was achieved within the timeframe of the target, the imposition of sanctions was not relevant. However, despite the likely failure against the domestic commitment to reduce CO₂ emissions by 20 percent by 2010, there was little evidence of central intervention, particularly in relation to the unabated rise in transport emissions, which led the Environmental Audit Committee to suggest that the PSA on climate change is 'failing as a mechanism that might shine a light on the Department's efforts and hold it to account' (HC 981-i, 2005, pp. 26-8). Indeed, the above Treasury official acknowledged the weakness of the centre in terms of administering sanctions and holding departments to account, suggesting that whilst the Treasury can

'performance manage them from the centre', the core executive 'only has limited leverage... We can't do that much to help departments run their PSAs' (interview, 29 June 2006). A potential explanation for the lack of meaningful sanctions is a desire to avoid political embarrassment by drawing attention to shortcomings in performance (Hood, 2006, pp. 517-8). On the other hand, it has been suggested targets should be properly understood as serving to 'focus minds, and get people to work together better' (Gray and Jenkins, 2003, p. 174). These explanations are not mutually exclusive, and whilst the Environmental Audit Committee criticised the government for quietly abandoning its domestic commitment to reduce CO₂ by 20 percent by 2010 in the Draft Climate Change Bill (HC 740, 2007), the government has justified its poor progress as simply reflecting the bold, stretching ambitions of the target (Cm. 7040, 2007, p. 6). The tensions between the two perspectives highlight the extent to which the PSA regime cannot be divorced from its political context, and the way in which both targets and their results are overt political constructs, rather than value-free expressions of performance.

7.1.2 – The extent to which the core executive is constrained in determining its strategic objectives

Whilst the PSA framework is intended as an expression of the government's top-level political objectives, it is apparent that the framework sits alongside a multiplicity of performance and co-ordinating tools within Whitehall, which dilutes its impact as a key driver. Furthermore, there is much evidence to suggest that the government has faced numerous constraints in determining its overarching policy goals, and in both case studies the structure of each target was heavily constrained by international political obligations. The government's household waste recycling target was a direct response to its obligations under the EU Landfill Directive (99/31/EC), which requires the UK to reduce the total of biodegradable municipal waste sent to landfill to reduce by 75 percent by 2010. Similarly, the first section of the climate change target, which committed the government to reduce its GHG emissions to 12.5 percent below 1990 levels by 2010, was a direct translation of its obligations under the binding Kyoto Protocol. From such evidence, it cannot be inferred that the government would have avoided setting challenging targets in these areas, or even

declined to set such targets altogether. Indeed, the second aspect of the climate change PSA target which committed the government to reduce the UK's CO₂ emissions by 20 percent by 2010 was borne directly from a manifesto pledge, and was significantly more ambitious than the UK's obligations under Kyoto (Labour Party, 1997). Nonetheless, it is apparent that in both instances, the international context has been paramount in influencing the structure of the targets, which has meant that bodies such as the EU and UN have become key drivers of domestic policy goals, the obligations imposed being binding and unavoidable. Furthermore, the ways in which the government interprets and delivers its domestic political commitments have also been constrained by the international context. In delivering its household recycling commitments, the government has been required to heed the principles within the EU Waste Framework Directive, such as 'proximity' and 'self-sufficiency', whilst ensuring that a range of waste stream-specific directives are achieved alongside its domestic policy goals. Similarly, the multi-faceted complexity of climate change mitigation has meant that a broad basket of EU obligations must also be fulfilled, such as the Electricity Production from Renewable Energy Source Directorate (2001/77/EC), the Fuel Quality Directive (2003/30/EC), and the Ecodesign of Energy Using Products Directive (2005/32/EC). Furthermore, as Chapter 6 demonstrated, the internationalisation of climate change is unparalleled, as both causes and effects transcend geo-political boundaries, and with responsibility for only 2 percent of the world's GHG emissions, international consensus and collaboration is essential to achieving the government's domestic policy goals.

The internationalisation of policy-making and delivery has served to increase the number of stakeholders engaged at various intervals, in turn increasing the number of veto points across the policy arena which potentially impede the realisation of the government's strategic objectives, which is discussed in greater detail below. In terms of its impact upon the centre of government, the internationalisation of the case study policy areas has prompted a reconsideration of the government's role, requiring the core executive to exercise effective leadership to forge collaboration and consensus, in order to realise its domestic policy aspirations. In the instance of recycling, the government has sought a

‘collaborative approach’ with its EU partners (Cm. 7086, 2007, p. 29). Similarly, in relation to climate change mitigation, the government adopted a multi-lateral approach, engaging with international bodies such as the EU and UN; maximising opportunities to push climate change up the international agenda, such as through its presidencies of the G8 and EU; and completing informal bilateral agreements with states beyond the mainstream political institutions, such as India and China. The government’s ability to secure its desired outcomes in the international arena has varied, which is inevitable given the wide range of competing national interests brought to the fore, and the existence of decision-making procedures such as Qualified Majority Voting within the EU. Nonetheless, evidence from both case studies suggests that the government has not always fully responded to the challenges of international working. Its approach to EU waste management negotiations was described as ‘essentially reactive’, and without a ‘clear idea of how EU policy should develop’ (HC 194, 2003, pp. 21-2); and the anticipated failure against its domestic climate change target has been seen as damaging the government’s claim as an international leader in the post-Kyoto period (HC 740, 2007).

Domestic policy-making has therefore become intimately bound to the international political context. However, as shown in Chapter 2, the extent to which such internationalisation has led to a diminution of the centre’s strategic capacity remains contested. In many respects, the government has long experienced external constraints such as international financial markets and membership of supra-national organisations such as the EU and UN. Indeed, Marsh et al warn against overstating the extent to which governments are inhibited, highlighting their ongoing strategic capacity, and the extent to which the relationship between international and domestic forces is ‘contingent and interactive, [and] not determined’ (Marsh et al, 2003, p. 331). Similarly, it has been suggested that nation states continue to dominate the EU, and the British government has often acted as a gatekeeper to EU policy, as ‘what occurs at the EU-level is often shaped by domestic politics rather than the other way around’ (Marsh et al, 2003, pp. 329-30; see also Bulmer and Burch, 2000). In relation to recycling, this pattern is discernable, for example the EU’s recent adoption of waste reduction targets is in line with the government’s

negotiating stance, and follows their domestic introduction in the *Waste Strategy 2007* (Cm. 7086). Indeed, whilst the framework for the sustainable management of domestic waste is set at the European level, its translation and implementation occurs almost exclusively at the national and sub-national levels, as the centre defines the parameters of activity through its Waste Strategy and complementary PSA target, whilst the delivery is the responsibility of individual LAs. Thus, recycling policy is characterised by relative linearity, with clear lines of policy-making and implementation existing between the EU and the UK government, as detailed in figure 5.1. However, climate change mitigation remains inherently diffused and complex, with multiple national, supra-national and international bodies intersecting the policy landscape at various intervals, with distinct parallels to the Type II conception of multi-level governance being apparent (Hooghe and Marks, 2003, pp. 236-9; Marks and Hooghe, 2004, pp. 16-20). Indeed, the internationalisation of climate change as a policy area is virtually unprecedented, which suggests that the government has significant constraints on its ability to exert its influence (c.f. Buller, 2000; Marsh et al, 2003; Baker, 2005). Nonetheless, nation states remain crucial to policy-making and implementation due to the numerous political and institutional tools at their disposal (HC 105, 2005, p. 14). Thus, despite the appearance of climate change policy as an example of Type II multi-level governance, the government has retained a resource advantage vis-à-vis alternative state and non-state actors within both case study areas, reflecting the ideas embedded within the asymmetric power model (Marsh et al, 2003).

7.2 – Joining-Up the Functionally Divided Whitehall System

7.2.1 – Inter-departmental co-ordination, the prevalence of wicked issues and the problem of leverage

A core imperative of the Labour government's first term was a desire to reform the machinery of government to improve inter-departmental co-ordination. Key to the JUG agenda was the strengthening of the centre to enable it to drive policy across Whitehall, and

the development of numerous task-specific agencies to implement joined-up delivery, as detailed in Chapter 3. The desire to affect joint working across Whitehall is not confined to the Labour government, as demonstrated in Chapter 2, as successive governments have sought to achieve effective co-ordination through institutional innovations such as overlords, the CPRS and JASP. Nonetheless, the Labour government's first term led to an unprecedented emphasis on inter-departmental co-ordination (Bogdanor, 2003, p. 6), which can be seen as a reaction to the weakening of central co-ordinating capacity by the external pressures and internal reforms of the 1980s and early 1990s, as detailed in Chapter 2 (Peters, 1998, pp. 295-6), as well as the influence of the 'wicked issues' narrative. Since its introduction, forging holistic government has been a core objective of the PSA framework, with numerous mechanisms being put in place to ensure collaboration such as cross-cutting reviews, joint PSA frameworks and shared targets, as detailed in Chapter 4. Shared by Defra, the DfT and BERR, climate change mitigation is an important example of the way in which the PSA regime has affected joint working, as the three departments have sought to co-operate in order to realise their two-fold joint target commitment. However, the case studies demonstrated that the PSA framework's distinction between joint and standalone targets is essentially false, as in both instances a range of departments outside the formal scope of the target were instrumental to its successful realisation, which necessitated broader co-operation across Whitehall. The complexity of climate change mitigation meant a range of departments beyond the target's owners were intrinsic to its achievement, including the FCO, DfID and the CLG, and without incorporation into the target, the formal obligation upon these departments to collaborate with the target's owners was limited. Similarly, whilst the Defra's standalone ownership of the recycling PSA commitment implies that the necessary policy levers lay solely within Defra, the remit of numerous other departments impinged upon sustainable waste management in departments such as BERR in relation to the producer-side of waste, and the CLG in relation to the local performance framework.

Thus, in both case studies, it was apparent that the issues in hand could not be confined to the targets' owners. However, whilst the distinction between joint and standalone targets

may be inaccurate, the failure of the regime to capture all the relevant departments does not suggest that its design is flawed in terms of affecting co-ordination. Instead it is a reflection of the inherent complexity of the target issues and the increasing interconnectedness of the government's overall policy agenda. This has been driven in part by the JUG agenda itself, which, in seeking to make explicit the links between various policies and departmental silos, has actually exacerbated such complexity. The underlying emphasis of recycling policy has shifted from a relatively narrow focus upon ensuring the sustainable use of natural resources (Cm. 4963-1, 2000, p. 7), to being intimately bound with the climate change agenda (Cm. 7086, 2007, p. 7). Similarly, climate change mitigation is inexorably associated with several significant policy areas, such as economic development (HM Treasury 2006c [The Stern Review]) and energy policy (Cm. 7124, 2007). Indeed, the policy areas of both case studies, in particular climate change mitigation, have assumed the guise of a wicked issue, presenting themselves as deeply-rooted societal problems which are 'resistant to traditional departmental approaches' (Bogdanor, 2005, p. 6). Nonetheless, certain aspects of the PSA framework have served to inhibit effective joint working between target-owning departments. One problem is the way in which the same target feeds into differing departmental objectives, and may sometimes simply be part of a basket of indicators, which will affect the emphasis given to the target within each department (NAO, 2005a, p. 10). This was evident in relation to climate change, wherein the same PSA target was part of a broad concern to achieve environmental protection, fair and competitive energy markets and sustainable travel within Defra, BERR and the DfT respectively (Cm. 6238, 2004, pp. 15, 31, 33). Indeed, climate change tended to be conceived of through each partner department's specific interests, reflected in their departmental structures, which led to numerous criticisms regarding the DfT and BERR's commitment to the overarching goals of climate change mitigation (e.g. HC 105, 2005; HC 693-I, 2005; HC 864, 2006; HC 981-I, 2006; HC 460, 2007). Similarly, the monitoring and reporting arrangements in place exacerbate problems of ensuring collaboration, as there are no requirements for joint reporting or for departments to specify the contribution they have made against the target, which limits their ability to 'bring about more effective joint working' (NAO, 2005a, p. 13), and presents the opportunity for free-riding (HC 981-i, 2005, pp. 26-8).

In order to drive joint targets across Whitehall, the PSA framework identifies a suitable lead department with overarching responsibility for the target's achievement. However, as the case studies demonstrated, Defra experienced numerous difficulties in exercising its leverage functions vis-à-vis its formal and informal target partners. As the target's sole owners, the leadership capacity of Defra in relationship to recycling should be assured, however Defra has been beset by several shortcomings, notably limited resources and expertise within the department. Furthermore, it has experienced difficulties in ensuring a coherent, joined-up sustainable waste policy between different parts of government, and a lack of integration between waste and the government's wider policy agenda (Defra, 2006c, pp. 83-4); problems undoubtedly exacerbated by the classification of the target as 'departmental', which fails to capture the complexity of the issue and denies Defra the formal institutional means of ensuring cross-departmental collaboration. Similarly, in relation to climate change, it was suggested that Defra 'does not have sufficient clout' to lead on the issue (HC 707, 2004, p. 9), as the majority of delivery levers lie in other departments, such as BERR in relation to energy policy and HM Treasury in relation to the economic framework and fiscal tools. In both instances, therefore, the issue of securing sufficient leverage over Whitehall partners is a key factor in ensuring progress towards shared (formally identified as so, or otherwise) targets.

It has been suggested that an explicit recognition of the different importance attached to a shared target across partner departments would improve joint working, avoiding the 'pretence' that all partners are 'equally responsible for meeting the target', empowering the lead department to assume greater leverage over its partners (Social Market Foundation, 2005, pp. 29-30). However, this suggestion runs counter to the principles of joint working, the differential weighting attached to the target creating different sets of motivations across partner departments for its achievement, and potentially providing disincentives to collaboration on both sides. More importantly it reveals the tensions created by the JUG agenda, wherein the principles of holistic working have been superimposed upon a

departmental-centric Whitehall structure, with seemingly limited consideration being given to the fit between pervading institutional structures and the principles of joined-up working. The above suggestion, for example, would introduce an element of hierarchy to the departmental structure; indeed the whole notion of identifying a lead department and equipping it with powers of leverage implies that one department can assume precedence over another. In practice, however, within a top-down, functionally divided system of government, the institutional capacity for one department to assume leverage over another is limited, whilst a parallel system of intra-Whitehall hierarchy would undermine the principle of collective ministerial responsibility. Indeed, as shown through previous examples such as Churchill's failed 'overlords' experiment, the introduction of an extra layer of accountability through the creation of co-ordinating or supervising 'leads' can also serve to blur chains of command between the centre and the spending departments.

7.2.2 – The core executive's role in enforcing collaboration and the effectiveness of alternative institutional structures

There is, therefore, a disjuncture between the prevailing culture of Whitehall and the principles of joint working, and in simply being transposed upon the existing structures of government, the PSA regime's ability to affect cross-Whitehall collaboration has been stymied. Furthermore, there are fundamental tensions between the drive to affect cross-departmental collaboration on the one hand, and the government's concern to fill-in the strategic capacity of the core executive on the other, wherein the creation of complex networks and power dependencies created through the JUG agenda appear 'paradoxical', vis-à-vis the 'undoubtedly centralising thrust' of so many reforms (Flinders, 2002, p. 69). This is evident in relation to the PSA regime, which has introduced vertical lines of accountability between departments and the Treasury, whilst at the same time establishing horizontal power relations through the creation of joint targets and shared frameworks (Cm. 4011, 1998). However, as demonstrated above, the PSA regime has failed to empower the spending departments with the institutional resources necessary to effectively manage the horizontal networks created across Whitehall involved in the delivery of shared outcomes. In turn, this has necessitated greater intervention from the core executive; an increasingly

top-down approach to co-ordination which is at odds with the principles of holistic government (Flinders and Matthews, 2007, p. 192). The recourse to driving co-ordination from the centre is unsurprising; indeed the historic examples in Chapter 2 demonstrate that effective central leadership is a key factor in the success of joint working arrangements. Nonetheless, the incompatibility between these two fundamental aspects of the PSA framework demonstrate the pervading influence of the Whitehall system of government, as well as the unwillingness of actors within the core executive to instigate any structural reform that challenges the institutional status quo.

The incompatibilities of top-down co-ordination and holistic working notwithstanding, the core executive's response to the challenge of effective co-ordination has been predicated on overlaying the existing Whitehall structure with alternate governing structures and institutions, which exist alongside the vertically-organised PSA framework. However, the extent to which the core executive has successfully steered the horizontal networks involved in the delivery of both case study targets is uncertain, the capacity to forge holistic government being compromised by the lack of clarity in core executive relations (PIU, 2000a, pp. 61-5). Cross-Whitehall co-ordination of climate change has been reinforced by the Cabinet Committee structure, which also served to bring in the wide range of departments involved in the delivery of both targets that were not formally incorporated as target owners. This was later complemented by the creation of the OCC in 2006 as a shared resource for cross-Whitehall policy-making and implementation. Nonetheless, the Environmental Audit Committee stated that the 'organic' evolution of centrally determined governing arrangements has created a 'confusing framework' which actually served to impede effective collaboration (HC 740, 2007, p. 11). Indeed, it was suggested that the 'constant struggle between the Treasury and Cabinet Office structures', as detailed in Chapters 3 and 4, had undermined progress against the PSA because of the core executive's inability to ensure a 'joint strategic view among politicians and senior civil servants' (HC 740-i, 2007, Qs. 44-5). Similarly, in relation to domestic recycling, inter-departmental machinery to drive sustainable waste management across Whitehall was only established following the publication of the revised Waste Strategy (Cm. 7063, 2007), which suggests

that the government had been slower to recognise the inter-connectedness of policies beyond the scope of the target's formal owner. In all instances the creation of cross-departmental governing structures in itself is not a pre-cursor to successful joint working, as 'they will only lead to more consistent policy where there is the political will for more consistent policy' (HC 740, 2007, pp. 14-5). However, in both case studies, a question mark hangs over the extent of top-level political commitment to the overarching policy goals, in particular evidenced by the existence of contradictory policy objectives across the government's agenda. Furthermore, the creation of alternative governing structures outside the auspices of the PSA framework again suggests that, despite its underpinning intentions, the framework has not acted as the main driver of policy-making and implementation in the case study areas. The existence of such multi-faceted governing arrangements is therefore at once symptomatic and a cause of the increasing complexity that has characterised the policy landscape.

One solution to problems associated with cross-departmental co-ordination is the wholesale reorganisation of departmental responsibilities, for example housing all sustainable waste management policy functions within one department (Strategy Unit, 2002); bringing energy and climate change under a single department (HC 740, 2007, p. 38); or creating a Ministerial post with the overall responsibility for co-ordinating and driving the government's CCP (HC 740, 2007, p. 21). In deciding upon any machinery of government changes, there are numerous organisational factors that must be accounted for, including the loss of expertise, institutional memory, and strategic focus, as well the time taken for any changes to bed-in. However, the PASC suggested that societal change was a key driver in machinery of government changes

As the nature of society changes, so too do the challenges faced by Government; whether the pressing need of the day is to combat mass unemployment or international terrorism, it is absolutely appropriate for the Prime Minister to reallocate his resources to focus on the job in hand (HC 672, 2007, pp. 9-10).

This point is pertinent in relation to both case studies, as the issues of recycling and climate change mitigation have only emerged as areas of government intervention since the 1990s,

and in this respect it could be argued that machinery of government changes are necessary to reflect the increasing salience of these new challenges. However, whilst the suitability of current departmental paradigm to delivering holistic outcomes has been questioned (e.g. Social Market Foundation, 2005, pp. 98-9), there appears to be few viable organisation alternatives. The complexity of both case study policy areas defied neat organisational classification, with inter-connections extending across multiple, overlapping policy areas, and in reorganising departmental responsibilities around a single issue, the risk exists that an awareness of other inter-connected policy areas would be lost. It would, for example, be difficult to deliver integrated transport policy if all functions relating to cleaner transport fuels were exercised beyond the scope of the DfT. Similarly, BERR may find the development of comprehensive manufacturing and producer regulations problematic if producer responsibility aspects of sustainable waste management were separated out as part of a 'waste' portfolio. The complexity of such issues therefore suggests that there is no natural line along which departmental responsibilities can be divided. Again, the ability of the centre to 'mainstream' issues across Whitehall is key (HC 276, 2008), which requires the core executive to co-ordinate joint activities within a centrally determined strategic framework to ensure that all relevant partners are working towards shared goals. In this context, effective political leadership from the core executive is key, with obvious parallels to Jessop's conception of meta-governance (1998), in particular the emphasis upon defining the parameter for political activity and ensuring the engagement of relevant stakeholders across Whitehall.

7.3. – Steering the Delivery of Policy Goals through the PSA Framework

7.3.1 – From delivery chain to 'delivery matrix'

As Chapter 3 demonstrated, the Labour government has been explicitly concerned with improving the delivery of public services, which has been increasingly emphasised from its second term onwards. Since its introduction, the PSA framework has been conceived of as a key mechanism in ensuring delivery on the ground, by uniting core and periphery around

a set of commonly shared goals, wherein the detail of delivery is determined by stakeholders in accordance with the principle of devolved autonomy. On the surface, it appears that the PSA regime has only been partially successful in ensuring the delivery of policy outcomes, as whilst the recycling commitment and international climate change commitments were fulfilled, it remains highly unlikely that its more ambitious domestic climate change goal will be realised. Nonetheless, an assumption of a simple linearity between the creation of a target and its on-the-ground delivery belies the complexity of policy-making and implementation. As evidenced in both case studies, a broad range of political and non-political stakeholders have been involved in the delivery of the government's PSA commitments, many of which operate beyond the government's immediate scope of influence. In order to deliver on its recycling commitments, for example, the government was required to engage with stakeholders such as the manufacturing and retail sectors, despite the apparent linearity of the target commitment, which identified LAs as the main delivery agents. A similar pattern of activity was also evident in relation to climate change, compounded by the way in which numerous stakeholders intersected multiple geo-political tiers, which reflects the characterisation of climate change as an example of Type II multi-level governance (Hooghe and Marks, 2003, pp. 236-9; Marks and Hooghe, 2004, pp. 16-20). The engagement of a wider range of stakeholders also necessitated the development of a multi-faceted toolkit approach, the mechanisms adopted being tailored to each relevant stakeholder. In each case study, the complexity of the delivery landscape renders the notion of a 'delivery chain' as inaccurate, as the involvement of multiple stakeholders defies containment within a linear, top-down model of delivery. Instead, the delivery landscape can be conceived of as a 'delivery matrix', which reflects the broad range of political and non-political stakeholders that intersect multiple geo-political jurisdictions, depicted in figures 5.1 and 6.1. In many respects, the conception of a 'delivery chain' reflects the conception of top-down, hierarchical policy development that emanates from Whitehall embodied within the Westminster model, wherein the centre is able to steer and co-ordinate stakeholder activities in the more traditional context of core-periphery inter-relations. Conversely, the notion of a 'delivery matrix' can be seen as a manifestation of the shift from government to

governance, as the centre is required to steer intersecting policy networks characterised by inter-dependence and fragmentation.

However, the shift from delivery chain to delivery matrix presents a series of challenges to the leverage of central government over its stakeholders, as evidenced in both case studies. The producer responsibility aspects of sustainable waste management that impinged upon the government's recycling commitment necessitated the engagement of the manufacturing and retail sectors. However, without their formal incorporation into the PSA framework, Defra has limited policy tools at its disposal to ensure their co-operation, instead relying on positive, non-compulsory inducements such as the Courtauld Commitment and the Waste Minimisation Innovation Fund (Cm. 7086, 2007, pp. 52-61). Indeed, Defra's leverage has been further constrained by the fact that producer responsibility aspects of waste management fall under the remit of BERR, which remained beyond the scope of the PSA target, despite its engagement with the retail and manufacturing sectors. Similarly, securing leverage over its relevant stakeholders has been an ever-present challenge in relation to climate change mitigation, as a broad range of non-state actors are crucial to delivery, including the energy supply, transport and industrial sectors. Again, collaboration was often sought through the creation of 'carrots' such as Climate Change Agreements, reinforced where appropriate by statutory guidelines and regulations such as the RO and RTFO. Nonetheless, poor progress against its domestic climate change commitments is indicative of the limitations upon the government's leverage; the failure of rational assumptions underpinning tools, such as the Climate Change Levy, in capturing the interest of business and industry; and existence of technological and financial barriers to change (HC 354, 2008, para. 116). Furthermore, many stakeholders fall outside the scope of the UK government altogether, and in several instances even outside of the EU, such as car, appliance and aviation manufacturers, which has necessitated a range of innovative political responses to promote collaboration.

Whilst certain aspects of the PSA framework have exacerbated the problem of securing

leverage, the inability of central departments to fully steer their key stakeholders is also a direct reflection of the increased complexity of governance interactions, as well as the apparent intractability of many emergent policy issues. However, in both case studies, the issue of securing sufficient leverage has been further complicated by the reliance upon individual volition, wherein the need to invoke wider behavioural change amongst the electorate has led to a range of tools based on both carrots and sticks. Positive inducements have included the provision of free compost bins by WRAP and LAs (Defra, 2006a, p. 26); and the introduction of capital grants to encourage the installation of energy saving materials, such as wind turbines and solar panels (Cm. 4913, 2000, p. 105). Conversely, deterrents have included the introduction of alternate weekly collections, or limitations upon how much waste can be collected as 'refuse', in individual LAs (interviews, October 2007); and successive increases to vehicle fuel duty to encourage the take-up of more fuel efficient vehicle choices and alternative methods of transportation (HC 342, 2007, pp. 175, 184). Despite such interventions, in both contexts, invoking behavioural change and securing individual compliance has proven difficult; indeed interviewees across a range of settings suggested that securing individual engagement was the greatest challenge to the effective delivery of the PSA targets (Whitehall interviews, July 2007; Government Office interviews, October 2007; LA interviews, October 2007). Nonetheless, evidence from both case studies highlights a degree of unwillingness within government to fully utilise the capacity of policy tools and interventions to affect the wholesale behavioural change necessary to achieve and sustain the goals of the PSA targets. This is reflected, for example, in its rejection of variable charging schemes for the collection of household waste (Cm. 7086, 2007, p. 37); its emphasis on technological solutions rather than an absolute reduction in miles travelled (Cm. 6817, 2006, p. 105); and the lengthy freeze on fuel duty between 2000-06, which served to lower the real cost of motoring (Cm. 4917, 2000; HM Treasury, 2006a). Such evidence demonstrates that there is an inherent tension environmental 'goods' and public appeasement, borne out of wider electoral considerations. Again, this highlights the complexity that besets policy-making and implementation at various junctures, reinforcing the characterisation of the policy areas as 'wicked issues' and the delivery landscape as a 'matrix.' Nonetheless, the government has been charged with timidity in its approach to securing individual compliance (HC 88-I, 2007, p. 11; HC 460,

2007, p. 4), and the challenge thus remains for the government to reconsider its relationship with the electorate, based upon an active recognition of the electorate's dual role as an agent of, and a barrier to, policy delivery.

The issue of public engagement is further complicated by the way in which policy issues are also pushed up the political agenda by popular demand. Indeed, the creation of numerous PSA targets has been explicitly driven by the desire to 'tap into what people really care about', such as targets for GP appointments, A&E waiting times and higher education participation (interview with senior Treasury official, 29 June 2006). A similar pattern is discernable in relation to both case studies, as a cursory scan of some of the main British newspapers demonstrates the virtually exponential increase in their popular coverage over the past 10-15 years (tables 7.1 and 7.2). The increasing salience of the case study areas across the electorate was also reiterated by several government actors

The science of climate change, and the need to do something about it had been known to government [since the early 1990s], but it's taken a long time for this to percolate through to people... There's been an enormous upsurge of interest in the past two years in particular (interview with former Permanent Secretary of the Department of the Environment, 10 October 2007).

It's been raised in a couple of meetings – everyone views waste and recycling as a big issue and they all want to know because it's the thing that gets raised on the ground (interview with senior GO official, 15 October 2007).

There remains, however, a fundamental disjuncture between people's concerns and expectations upon the government, and their willingness to modify their own behaviours according to their concerns. This is evidenced for example, by the challenge posed by waste reduction, or the continued growth in the average engine size of new cars sold. The government has recognised this imbalance, stating that citizens 'will also need to take on a more active and responsible role themselves' (Cm. 7227, 2007, pp. 34-5). Nonetheless, with the challenge of behavioural change being widely acknowledged as one of the most significant barriers to delivery, the extent to which the government can persuade the electorate to take an active, interventionist role in the delivery of its public services remains uncertain, as factors such as political expediency and electoral considerations will

Table 7.1 – The coverage of ‘climate change’ in the British media – number of stories run per year, 1992-2007

	92	93	94	95	96	97	98	99	00	01	02	03	04	05	06	07
The Guardian	6	0	0	1	0	0	1	106	336	403	383	409	661	1,078	1,145	1,643
The Independent	n/a	n/a	n/a	n/a	n/a	n/a	n/a	18	157	233	194	147	321	719	1,011	1,460
The Times	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	10	0	58	535	363	500	629	1,098
The Sun	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	2	9	3	21	43	79	227

Notes: n/a – data not available

Sources: derived from www.guardian.co.uk; www.timesonline.co.uk; www.independent.co.uk; www.thesun.co.uk. All accessed 2 April 2008.

Table 7.2 – The coverage of ‘recycling’ in the British media – number of stories run per year, 1992-2007

	92	93	94	95	96	97	98	99	00	01	02	03	04	05	06	07
The Guardian	1	0	0	1	1	1	2	107	175	156	233	230	231	248	321	410
The Independent	n/a	n/a	n/a	n/a	n/a	n/a	n/a	27	209	184	225	182	269	334	507	617
The Times	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	1	0	26	194	208	235	284	339
The Sun	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	4	24	19	17	17	55	107

Notes: n/a – data not available

Sources: derived from www.guardian.co.uk; www.timesonline.co.uk; www.independent.co.uk; www.thesun.co.uk. All accessed 2 April 2008.

ultimately bear upon the government's response. Again, the complexity of the policy landscape is apparent, which reinforces the importance of strong strategic leadership driven from the centre to ensure the coherency of stakeholder actions within a broad, inter-connected delivery matrix.

7.3.2 – The ability of the PSA regime to steer complex delivery networks

The preceding analysis considered the impact of exogenous factors upon the delivery of the case study targets. However, the delivery of the government's strategic outcomes has also been affected by the structure of the PSA regime itself. The PSA framework has sought to explicitly focus upon public service outcomes, rather than the achievement of inputs and outputs, as experienced under previous performance regimes such as the Thatcher government's FMI (Cmnd. 8616, 1982). However, as suggested in Chapter 4, focusing on broad outcomes presents several barriers to delivery, as often government departments and service providers will not control all the levers necessary to ensure their realisation; indeed the achievement of an outcome target 'could be coincidental to the effects of the programme or in some cases even in spite of them' (NAO, 2001b, p. 31; see also Kristensen et al, 2002, pp. 9-10). As both case studies have demonstrated, securing leverage over all relevant stakeholders has proven challenging, as many exist beyond the scope of the target owning departments, or indeed reside outside the geo-political parameters of the UK and even the EU. Furthermore, the focus upon outcomes can be at odds with the principles of a SMART target, which in theory each PSA target is meant to adhere to – i.e. specific, measurable, achievable, relevant and timed (Cm. 4181, 1998, p. 5). The relatively narrow focus of the government's domestic recycling commitment has meant that the PSA target has successfully adhered to the SMART principles in its pursuit of its given outcome, as the target encompassed the majority of levers within a tightly defined timescale. In the instance of climate change, however, the multi-faceted outcomes sought runs counter to the principles of SMART. The two-fold commitment, together with the broad range of intersecting policy areas that need to be co-ordinated towards the target's goals, means that the apparent specificity of the target is at best superficial and belies the

complexity of policy interactions necessary for its achievement. More significantly, whilst acting as a statement of political intent, the target fails to be achievable within the scope of the domestic government, as many of the key delivery levers fall beyond its sphere of influence. The complexity of policy interactions that occur across the delivery matrix also suggests that any progress towards the target's goals cannot automatically be attributed to its existence, which further undermines its utility as a policy driver.

In determining its approach to public service delivery, the government has continually emphasised the principles of devolved autonomy, freedoms and flexibilities, as detailed in Chapter 3. Such principles were also implicit in the design of the PSA framework, which sought to enable the 'devolution of power to service providers to encourage flexibility and creativity' (Cm. 5571, 2002, para. 1.30). However, the government stressed that whilst it sought to equip service providers with on-the-ground autonomy, they would be 'constrained by clear long-term goals and proper accountability arrangements' (Cm. 5570, 2002, p. 10). It has been suggested that there is inherent tension between autonomy and national standards, as detailed in Chapter 4, wherein the PSA regime's emphasis on national objectives and performance indicators has strengthened central sovereignty, rather than enhanced local flexibility (Boyne, 1998, pp. 46-8, Lowndes, 2002, pp. 142-4; Boyne and Law, 2005, pp. 258-60). Such tensions were evident in relation to the domestic recycling PSA target, wherein the majority of LA interviewees suggested that Defra had conducted limited consultation in setting the individual LA targets that fed into the national aggregate recycling target, inhibiting a sense of ownership. Resultantly, there was a widespread perception that their individual targets were an imposition, bearing little relation to the local situation, which had served to engender frustrations and inhibit joined up working along the vertical axis (interviews with LA officials, October 2006). However, in relation to climate change, many LA respondents reported a relative absence of central intervention, with limited communication of the centre's desired policy outcomes

You can dig and find out what's coming up, but you have to do the digging.
It's not always that easy (interview, 30 October 2007).

The onus is upon us to deliver. This is one of the concerns. At the moment it's very much over to us. There's not that much input (interview, 31 October 2007).

Indeed, there exists no formal obligation for LAs to set individual climate change mitigation targets to feed into the national aggregate target, which provides 'little incentive for local or regional consideration of climate change issues' (HC 460, 2007, pp. 25-7).

Whilst the case studies are inconclusive regarding the charge of excessive, top-down intervention, it is clear that the PSA framework has failed to cohere core and periphery around a set of commonly shared policy goals. However, the extent to which this can be attributed to unwillingness within government to devolve meaningful autonomies is also uncertain. Alternative evidence suggested that LAs have sometimes been reluctant or unwilling to maximise any freedoms afforded to them, either because the onus for policy failure would shift to the LA, or simply because the LA lacked the vision and expertise to develop appropriate responses (interview with a senior WRAP official, 22 October 2007; interviews with GO officials, 11 and 15 October 2007). Nonetheless, it is apparent that the PSA framework has had limited success in developing an open dialogue between core and periphery, based on mutual recognition and understanding of the role of each in the policy process. This reflects the assertion that the PSA framework has been conceived of 'primarily as a way of enhancing Treasury steering and co-ordinating of activities in the more traditional contexts of central and local government and their emanations' (James, 2004, p. 401). However, it is clear from the preceding analysis that the top-down, linear model of policy-making associated with the traditional Whitehall paradigm is unsuited to the contemporary policy process, which is predicated upon complexity and interconnectedness in accordance with the notion of a delivery matrix. An inherent disjuncture thus remains between the way in which the government has perceived the policy landscape through the PSA framework, and the emergence of a complex, multi-faceted policy terrain.

A final challenge to delivery posed by the PSA framework is the potential for overload upon service providers, such as the cascading of targets and the existence of overlapping, disproportionate reporting burdens, as discussed in Chapter 4. This presents the risk of unintended consequences, such as focusing on the measurable, and neglecting areas of activity that fall outside the target's scope. Indeed, a senior Treasury official acknowledged that this aspect of the framework remains problematic, suggesting that LAs are 'at the sharp end of trying to pull all that together, and make it coherent through their own efforts' (interview, 29 June 2006). In relation to the government's recycling commitment, there appeared to be little suggestion of overload amongst service providers, and apart from anecdotal evidence relating to the double-counting of certain waste streams, there was also no evidence that the government's sustainable waste policy had led to any unintended consequences. This demonstrates the relative coherency of the policy objectives of central and local government, which is heavily influenced in both jurisdictions by the overarching European framework, as well as the coherency between the PSA target and BVPI indicators, which minimises reporting burdens. It also reiterates the suitability of household recycling as an outcome-focused target, in that what is important is also measurable, enabling the progress of service providers to be easily quantified and monitored (interview with senior GO official, 15 October 2007). However, in relation to climate change mitigation, the inherent complexity of the issue has resulted in a multi-faceted toolkit response, administered through a range of policy programmes outside the PSA framework, such as the CCP (Cm. 6764, 2006), Energy White Paper (Cm. 7124, 2007) and *Future of Transport* White Paper (Cm. 6234, 2004). On the ground, this has served to create confusion and overlap, as stakeholders are required to account for multiple targets and regulations, whilst also ensuring adherence to any overarching EU Directives. It has also been suggested that this complexity has been further exacerbated by the increase in bottom-up activity as stakeholders are keen to respond to growing public concerns, resulting in "'initiative-itis" where everybody is just kicking off a local one and it's not being joined up' (interview with senior GO official, 11 October 2007). In the instance of climate change therefore, it is clear that the PSA target has failed to drive policy, at best acting as a proxy for the government's wider policy agenda. Together, the case studies demonstrate that the PSA regime is best able to drive policy when the focus is

upon relatively linear outputs, wherein the levers to change fall within the direct scope of central government.

7.4 – The Success of the PSA Framework as a Tool of Strategic Governance

A consistent theme of the above analysis has been the emergence of complexity and interconnectedness, reflected in the expansion of governmental activity into new policy areas and the burgeoning raft of stakeholders that are engaged in the policy cycle at every interval. In many respects, this concurs with the pattern of fragmentation that followed the management reforms of the 1980s and 1990s charted in Chapter 2, which highlighted the tensions between the new forms of political co-ordination and steering vis-à-vis the traditional governing structures of the Westminster paradigm. Indeed, it was in response to the challenges to the traditional state that theories of governance began to emerge, which sought to account for relations between state and society, wherein the implementation of policy is ‘increasingly dependent upon a much wider array of public, private and voluntary organisations’ (Flinders, 2002, p. 52), necessitating the creation of ‘governance mechanisms which do not rest on recourse to the sanctions and authority of the government’ (Stoker, 1998, p. 17; see also Kooiman and Van Vilet, 1993, p. 64; Pierre, 2000, pp. 3-4; Eberlein and Kerwer, 2004, p. 128). As Chapter 2 demonstrated, the role assumed by central government within theories of governance is contested. Several academics have suggested that increasing fragmentation has hollowed-out the capacity of domestic government to steer the policy process to achieve its policy objectives (e.g. Czempiel, 1992; Kooiman, 1993; Rhodes, 1997; Rosenau, 1997). Against this, it has been suggested that central government retains an inherent resource advantage vis-à-vis alternate state and non-state actors, which enables it to assume a key role in governance transactions (e.g. Hooghe, 1996; Pierre and Peters, 2000). However, despite their apparent ubiquity, theories of governance have not been universally accepted, as various academics have instead sought to demonstrate the transformation, rather than diminution of state power,

enabling the government to preserve its hegemony over the policy process (e.g. Weller and Bakvis, 1997; Holliday, 2000; Taylor, 2000; Flinders, 2002; Bache and Bristow, 2003).

Evidence from both case studies accords with the notions of fragmentation, inter-dependency and complexity inherent in numerous governance accounts. In both case studies, a range of state and non-state actors drawn from multiple geo-political jurisdictions have impinged upon every stage of the policy cycle. As demonstrated, central government has been unable to exercise free reign in determining its strategic policy outcomes, as a range of mandatory international and domestic obligations define the parameters of political activity. Furthermore, the multiplicity of stakeholders involved in delivering its outcomes, reflected in the characterisation of the policy landscape as a 'delivery matrix', has meant that the government's capacity to steer policy and exercise leverage has been challenged, as many agents exist beyond its immediate sphere of activity. Finally, the characterisation of both policy areas as 'wicked issues' highlights the lack of fit between Whitehall's functionally organised departmental structure and the multi-faceted nature of many emergent areas of government intervention, whilst demonstrating the intractability of the organisational dilemmas posed. However, evidence of fragmentation, inter-dependence and complexity does not automatically point to the emergence of a hollow state, wherein the strategic steering capacity of government has been diminished, reducing the centre to one of many competing spheres of power within a 'multi-form maze of institutions' (Rhodes, 1997, pp. 3-4). In many respects, the PSA framework represents an active response by the government to the challenges of complexity and fragmentation, at once seeking to fill-in the strategic capacity of the core executive by empowering it to drive its policy objectives across Whitehall; whilst at the same time recognising the multitude of stakeholders engaged in delivery through the emphasis upon 'devolved autonomy' and 'what works.' Indeed, in defining the parameters of the policy agenda through the introduction of performance targets, and in establishing new lines of accountability that start at the centre and reach across the delivery matrix, the PSA system bears the hallmarks of a system of meta-governance (Jessop, 1998). This was evident in both case studies, as through the PSA framework the government has sought to provide the context for network

organisation, ensuring the coherency of aims and objectives across the delivery matrix, whilst setting the parameters in which governance transactions take place.

However, at times, the government has fallen short in rising to the challenges of complexity and inter-dependence. Tensions within the core executive have been exacerbated by the PSA framework, and its disproportionate empowerment of the Treasury, impeding the centre's ability to drive its strategic policy goals. Furthermore, these difficulties have been exacerbated by a lack of meaningful sanctions and incentives, which potentially undermines effective accountability. In maintaining a distinction between joint and departmental targets, the PSA framework has failed to capture the complexity of cross-Whitehall policy-making, wherein the inter-relations of various policy agendas means that the policy process cannot be confined to a single department or even a series of departments. Furthermore, the tensions that have resulted from the emphasis upon freedoms and flexibilities within a framework of national priority setting and accountability, suggest that the government has yet to fully reconceptualise its relationship with stakeholders in response to the above challenges. Indeed, it is apparent that the prevailing paradigm of the Westminster model has continued to influence and define the government's response to the challenges to state power posed (e.g. Marsh et al, 2003, p. 333). This is evidenced through the way in which reforms such as the PSA regime have simply been laid over the existing machinery of government, without undertaking any wholesale reform or reorganisation, despite the apparent lack of fit between the current institutional structures and many 'wicked issue' policy areas that have appeared on the political agenda. The prevailing influence of the Westminster model would also account for the centre's apparent unwillingness to 'let go' of the detail of policy delivery, and to create a meaningful framework of devolved autonomy that would enable stakeholders on the ground to deliver tailored policies, responsive to local circumstances. However, in the context of governance, the government needs 'to learn the appropriate operating code which challenges past hierarchical modes of thinking,' such as the values implicit in the Westminster paradigm (Stoker, 1998, p. 24).

7.5 – Conclusion: Steering the Policy Matrix through the PSA Framework

Throughout the chapter, the inherent complexity of policy-making and implementation has been demonstrated, reflected in the influence of a broad range of state and non-state actors at all junctures within the policy cycle, and the intrinsic inter-connectedness of the government's overarching agenda. Nonetheless, despite the picture of a hollow state painted in many accounts of governance, it is clear that the resource advantages afforded to the government have enabled it to redefine its role and preserve its centrality in the policy process (Marsh et al, 2003, p. 308). The PSA framework is an important expression of the government's response to the challenge of a diffused polity. It illustrates the importance of effective political leadership in steering the policy process within an increasingly fragmented delivery landscape, directly feeding into the government's overarching fiscal framework which recognises 'a shift from the state only as owner, manager and employer to the state also as facilitator and partner' (Cm. 3798, 1998, para. 1.2). The PSA system is therefore an important example of the state seeking to increase its strategic leadership capacity, co-ordinating the multitude of bodies involved in policy implementation and service delivery, rather than directly providing services itself, in many respects challenging the hollowing-out thesis, which points to the centre's declining administrative capacity and loss of political control, through fragmentation and diminished accountability (c.f. Rhodes, 1997). Through the PSA framework it is apparent that power is conceived of as pluralistic and positive sum, as whilst the government has relinquished direct control over service provision, it has gained greater strategic control in ensuring its broad political outcomes, and rather than operating in atomised self-governing networks, service providers are captured within a broad framework of centrally-determined goals and standards. There are obvious parallels with Jessop's notion of meta-governance as through the PSA regime, the government has adopted the role of the 'primary organiser' of the public service agenda, forging a coherent set of policy priorities around which delivery agents must assemble. As well as highlighting the increased pragmatism of political leadership, Jessop's meta-governance framework also suggests that not all concepts are zero-sum games, and rather

than power simply being lost, central governments have sought to redefine their role and developed new forms of political leadership to meet the challenges presented by the shift towards governance. Accordingly, the PSA framework allows the government to set the 'rules of the game' of the delivery landscape, providing a central source of 'regulatory order' through which delivery agents operate, whilst retaining ultimate political responsibility for the delivery of public services (Jessop, 1998). By adopting such a role, the government has avoided the marginalisation and subsumption within a fragmented state, its revitalised role enabling it to effect an organising framework around which competing stakeholders can cohere, which both preserves and reinforces its hegemony in the policy process.

Chapter 8 – Conclusion: The PSA Framework as a Response to the Challenge of Governance, and as a Continuing Research Agenda

The PSA framework [can] be described (in metaphorical terms) as being analogous to a net that can be cast over a vast flotilla of organisations... [A]lthough the net might be too small, the mesh too broad and may even have holes in places, it does at the very least represent an attempt to devise modern tools of governance that impose new incentive and sanction frameworks which recognise that different forms of leadership will be required in different organisational contexts (Flinders and Matthews, 2007, p. 196).

8.1 – Steering the British State through the PSA Framework

The overarching goal of this thesis has been to determine the extent to which the British state has the capacity to effectively steer and co-ordinate the policy cycle. Through its empirical investigation, the thesis has also sought to establish whether emerging theories of governance encapsulate and account for the contemporary topography of the British state. As a theory, ‘governance’ seeks to account for the emerging interactions between the state, the market and civil society although, as Chapter 2 demonstrated, there is little agreement regarding the scope of governance. There is a general consensus that governance entails the development of governing styles wherein the boundaries between public and private have blurred, accompanied by a growth of governing mechanisms that are not necessarily based upon ‘recourse to the authority and sanctions of government’ (Stoker, 1998, p. 17). Nonetheless, beyond this maximalist definition, there is scant agreement regarding the specifics of governance as a theory, such as the main causal drivers or key units of analysis, which has led ‘governance’ to assume the guise of an ‘essentially contested concept’ (Gaille, 1956). Furthermore, significant academic cleavages exist between those who accept the notion of governance and its detrimental effect upon state capacity (e.g. Kooiman, 1993; Rhodes, 1997; Pierre and Peters, 2000; Marks and Hooghe, 2004), and those who reject its apparent ubiquity in defence of the transformation, rather than diminution of governmental power (e.g. Weller and Bakvis, 1997; Holliday, 2000; Taylor, 2000; Flinders, 2002; Bache and Bristow, 2003). The lack of agreement regarding both the scope and applicability of governance therefore renders the timing of this research highly

pertinent. By analysing the strategic and operational capacity of the UK central government, it makes an important contribution to an unresolved theoretical debate, its empirical observations of the PSA regime enabling broader conclusions to be drawn regarding the applicability of theories of governance to the British context.

As Chapter 3 demonstrated, the Labour government's approach to 'filling-in' the steering capacity of the state has been based on a range of key principles, including centralisation, collaboration, earned autonomy and 'what works'; whilst its institutional response has been multi-faceted and varied. In order to facilitate a greater depth of analysis, the research has focused upon a core aspect of government's reform agenda, analysing the PSA framework through a within-case comparative methodology. In many respects, the PSA regime has been the most significant innovation instigated by the Labour government since, affecting public expenditure decisions and policy-making across all Whitehall departments. Yet despite its importance, there has been limited academic analysis of the regime's impact (for notable exceptions see James, 2004; Flinders and Matthews, 2007). Accordingly, this research provides the first major analysis of the PSA framework, determining the extent to which it has succeeded as a tool of central steering over departments and their agencies. From the evidence presented by the case studies, coupled with the empirical observations of Part I, it has been possible to make judgements regarding the strategic and operational capacity of the state, and the extent to which 'governance' is applicable as an organising theory in terms of the power (or lack of) it ascribes to the traditional institutions of central government. Within each case study, several important observations were made regarding the steering capacity of central government. In relation to domestic recycling, there were distinct parallels to the 'structured inequality' described within the asymmetric power model (Marsh et al, 2003), and more broadly, it appeared that the government had come to operate through a system of meta-governance, wherein it had adopted the role of the 'primary organiser', setting the 'rules of the game' to forge a coherent set of policy priorities around which all stakeholders must assemble (Jessop, 1998). In relation to climate change, there were similarities to the Type II conception of multi-level governance, as a range of task-specific jurisdictions, with sometimes intersecting memberships,

operating at numerous territorial levels fed into and impinged upon the government's policy goals (Hooghe and Marks, 2003, pp. 236-9; Marks and Hooghe, 2004, pp. 16-20). Again, the concept of meta-governance was observable, as the government has sought to recast itself as a 'primary organiser' in terms of defining the parameters of action for stakeholders engaged in policy implementation, whilst seeking to influence the policy agenda internationally to ensure progress towards its climate change mitigation goals (Jessop, 1998).

Both case studies demonstrated that the PSA targets' objectives were more complex than belied by their scope; and that the government was not unconstrained in determining its strategic policy goals. Accordingly, policy-making and implementation was multi-layered and multi-level, wherein many key stakeholders fell outside the immediate scope of government. Nonetheless, several significant divergences in the regime's effectiveness were highlighted, in particular the extent to which the PSA targets specifically drove government policy; the leverage exercised by government over various groups of stakeholders; and the coherency of strategic and operational aims between the targets' partners within government and on the ground. Thus, whereas domestic recycling formed a tightly defined policy area with a defined range of accessible levers, climate change was an extremely multi-faceted policy area, characterised by a landscape complicated and diffuse policy landscape, bringing in a range of stakeholders with multiple and overlapping spheres of responsibility. Taken together, the case studies demonstrated the increasing complexity of the political landscape, wherein distinctions between public and private; domestic and international; political and non-political had become increasingly blurred, as a broad range of stakeholders drawn from different geo-political jurisdictions intersected the delivery matrix at all junctures. However, whilst the pattern of inter-connectedness and complexity suggests the emergence of fragmentation and a hollow state, the PSA framework is a conscious response to the challenges of modern governance in a diffused polity, wherein the government has actively sought to restore its strategic capacity through institutional innovations in order to realise its desired policy outcomes. Resultantly, the government's role in the policy landscape has evolved accordingly, with new functions being adopted, as

the PSA regime demonstrated the obvious parallels with Jessop's notion of meta-governance wherein the government has assumed the role of the 'primary organiser' of the public service agenda, setting the 'rules of the game' of the delivery landscape, providing a central source of 'regulatory order' through which delivery agents operate, whilst retaining ultimate political responsibility for the delivery of public services.

Nonetheless, whilst the PSA regime has sought to bolster the strategic capacity of the government, the continued challenges posed by fragmentation and hollowing-out have meant that several tensions remain without adequate resolution. Jessop identifies a conflict between accountability and efficiency, highlighting problems regarding the attribution of responsibility, as 'attempts to establish clear lines of accountability can interfere with the efficient, co-operative pursuit of joint goals' (Jessop, 1998, p. 41). Similarly, Stoker suggests that 'the blurring of responsibilities can lead to blame avoidance or scapegoating, [and] power dependencies exacerbates the problem of unintended consequences for government' (Stoker, 1998, p. 19). The difficulties experienced in co-ordinating the silo-like Whitehall departments to achieve shared policy goals, and the emergence of unintended consequences across the delivery matrix, indicates that the PSA framework is not immune from such problems. A further dilemma identified by Jessop relates to the tension between governability (the capacity for guidance) and flexibility (the capacity to adapt to changed circumstances), who suggests that 'reducing complexity through operational rules... needs to be balanced against the recognition of complexity to mobilise the "requisite variety" of actors and resources' (Jessop, 1998, pp. 41-2). A similar tension is suggested by Flinders, as despite measures of central co-ordination, the delegation of operational functions to quasi-autonomous and non-governmental actors has meant that fragmentation and the number of potential veto points has continued to increase (Flinders, 2004, p. 893). Again this tension is evident in the PSA framework, reflected in the government's apparent unwillingness to grant sufficient autonomy to delivery agents, despite rhetoric to the contrary, and the resentment that this has engendered on the ground. Indeed, the design of the PSA framework has been heavily informed by the prevailing, normative assumptions of the Westminster model, based on a top-down linearity between

core and periphery. This simple characterisation belies the increasing complexity of the political landscape; the rapid expansion of areas deemed suited to government activity; expectations of the electorate upon government; and stakeholders involved in all stages of the policy-cycle which serve to render the traditional Whitehall-centric model of policy-making increasingly anachronistic. It is therefore necessary for the government to conduct a fundamental reappraisal of the normative underpinnings of its institutional response, as in the context of governance, governments need 'to learn the appropriate operating code which challenges past hierarchical modes of thinking,' highlighting 'the need to think beyond the retooling of government to a broader concern with the institutions and social and economic fabric beyond government' (Stoker, 1998, p. 24).

As part of its objective to assess the applicability of governance as an organising theory, this thesis has also sought to examine the extent to which the challenges faced by the Labour government are confined to the contemporary geo-political arena, or whether they are part of a wider historical pattern. Indeed, this issue represents a further important fault line of disagreement within the academic discourse. Chapter 2 demonstrated that many of the themes with which the Labour government has been concerned have also been addressed with varying degrees of success by previous governments. The longstanding administrative decentralisation within the British state was highlighted, for example territorial decentralisation and the creation of the Scottish and Welsh Office (Judge, 1993, p. 204; Marinetto, 2003, p. 592); and the bypassing of ministerial departments in favour of appointed boards and other quasi-autonomous bodies since the mid-nineteenth century (Flinders, 2001, pp. 4-5). Furthermore, problems of internal fragmentation had rendered steering and co-ordination problematic, as the vertical silo structure of policy-making instead served to encourage parochialism, thus precluding joint working and frequently confounding measures of central co-ordination (Norton, 2000, p. 105). Indeed, many contemporary scholars recognised the impact of departmentalism upon the centre's ability to drive and steer policy co-ordination (e.g. Jennings, 1966; Albrow, 1970; Hood, 1976; Dunsire, 1978; Pressman and Wildavsky, 1984, p. 133). Thus, the entrenched departmental system, based around 'policy chimneys', had meant that the centre's role has traditionally

been one of co-ordination rather than control (Page and Daintith, 2000, p. 64; Ling, 2002, pp. 624-39; Richards and Smith, 2002, p. 239), which had led to institutional innovations such as the CPRS and the Policy Unit.

Nonetheless, the research findings suggest that whilst the issues may be perennial, the political context in which they are played out has changed dramatically since the early 1990s, which has necessitated a different impetus and institutional response. The case studies demonstrated the ways in which new and complex issues had risen up the political agenda, which defied containment within the existing departmental paradigm and challenging established ways of working. In each case study, it was also apparent that there had been an unprecedented degree of internationalisation across policy-making and delivery, increasing the number of stakeholders engaged at various intervals, in turn increasing the number of veto points across the policy arena. Indeed, complexity and interconnectedness was evident across all geo-political jurisdictions, as the government had become reliant upon a variety of public and private delivery agents, often beyond the immediate auspices of central government, which necessitated the development of alternative tools of engagement. Indeed, both case studies demonstrated the emerging importance of citizen co-operation in the policy process, which presents a significant challenge to the traditional model of top-down policy-making. However, whilst the political context had changed dramatically, the continued influence of the traditional, hierarchical Westminster model of policy-making, suggests that the government has yet to fully acknowledge the emergent topography and its impact upon state capacity.

8.2 – Current Academic Discourse and Future Research Agendas

Through its examination of PSA framework, this thesis offers a pertinent and timely contribution to contemporary academic discourse. As detailed above, there are several key debates currently being played out within academic literature regarding the scope and

structure of governance as a theory, whilst a significant cleavage remains between its protagonists and antagonists regarding its utility and applicability. Whilst this thesis has not sought to test or falsify any specific theory or strand of thought, it has endeavoured to map the contemporary structure of the British state and the steering capacity of the government vis-à-vis the emergent challenges of the 1980s and 1990s that resulted in the theory of governance coming to the fore. In doing so, the thesis has been able to offer a series of conclusions, relevant to the British context, regarding the applicability of the underpinning assumptions of governance, such as the existence of fragmentation, hollowing-out and incoherent complexity, and the extent to which such assumptions have permeated political practice across Whitehall. The main findings of the thesis suggest that despite the theoretical cleavages between protagonists (e.g. Kooiman, 1993; Rhodes, 1997; Pierre and Peters, 2000), and antagonists (e.g. Weller and Bakvis, 1997; Holliday, 2000; Taylor, 2000) of governance, the underpinning assumptions of each body of literature are not mutually exclusive or zero-sum. The thesis has demonstrated that whilst challenges associated with theories of governance such as hollowing-out and fragmentation may be evident, their existence does not automatically lead to a diminution of central state capacity. Conversely, the continued centrality of the domestic government in the policy process does not mean that it is able to dominate or steer every aspect of the policy process, or that the ceding of policy-making and implementation functions to alternate state and non-state actors is conscious and reversible. The thesis therefore highlights the importance of recognising both the structural constraints and the structural advantages that affect the strategic capacity of central government in the policy process, as well as the interplay between the two. It also demonstrates that despite the emergent complexity and interconnectedness of the policy process, the continued structural and resource advantages afforded to central government provide opportunities for the government to respond to such challenges and redefine its role accordingly, although this does require a conscious recognition of the evolution of the policy landscape. Accordingly, in terms of its fit with current academic discourse, the findings of the thesis concur with the reflexive, positive-sum theories of state capacity that have been developed, in particular as the ‘asymmetric power model’, (Marsh et al, 2003) and the theory of meta-governance (Jessop, 1995, 1998), the relevance of each being demonstrated throughout.

Through the specific examination of the PSA framework, the thesis has also provided the first major evaluation of the British government's institutional response to the aforementioned challenges, highlighting examples of good and bad practice, whilst identifying any institutional or political barriers to change. Despite the significant impact that the PSA framework has had in organising and steering public policy across Whitehall and beyond, it has received scant academic attention, with little attempt to analyse its impact upon the policy process and the governing structures of the state (for notable exceptions see James, 2004; Flinders and Matthews, 2007). This thesis therefore offers a significant contribution to an important area of political activity, which has remained under-researched and poorly understood. Indeed, by providing one of the most in-depth analyses to date, the research acts as a spotlight, highlighting a poorly lit academic recess in order to encourage further research into, and an improved understanding of, the role of the PSA regime in British public administration.

The research findings of this thesis also have great value in terms of comparative politics, policy learning and policy transfer. As suggested in Chapter 2, numerous challenges faced by the British state in the early 1980s and 1990s were common to many advanced liberal democracies, as a wide variety of NPM reforms were instigated in accordance with the underlying drive for economy, efficiency and effectiveness (Osborne and Gaebler, 1992; OECD 1995; Pollitt and Bouckaert, 2000). Resultantly, it is apparent the unintended consequences associated with such reforms, such as the rapid unbundling and disaggregation of the state, have posed similar dilemmas concerning the role and capacity of the central government within numerous European and Westminster-style democracies (see, for example, Hayward and Wright, 2000). In this respect, the adoption of the PSA framework by the British Labour government to fill-in and restore the strategic capacity of the centre represents one response to a commonly experienced dilemma. Therefore, the empirical observations of this strategy and the detailed analysis of its success have resonance beyond the immediate scope of the UK, and will be of interest to academics

operating in other national contexts wherein similar dilemmas are posed. Finally, by highlighting important examples of political practice, the research findings will be of interest to practitioners operating within a range of national and international contexts. This aspect of the research is clearly most important in the British context, wherein the continued role of the PSA framework as a driver of policy-making and implementation allows for a degree of reflexivity between academic discourse and political practice to occur. Thus, the research's evaluation of the strategic effectiveness of the PSA regime has real practical applicability to those operating within the British political system, such as Ministers, special advisers and officials, as the broader lessons of the research have the potential to feed back into the future development of the PSA regime and other public policy or institutional decisions.

Whilst the research has focused on the success of the PSA regime as a response to the emergent challenges to state capacity, it has also highlighted a series of contingent research areas that fall outside the immediate scope of the research. Several of these areas have received limited academic attention and remain under-theorised, despite their apparent influence on political practice. Nonetheless, the research findings within this thesis provide an important basis for further investigation and analysis, which in turn will ensure the continued relevance of the main conclusions presented. Accordingly, the next phase of the research seeks to develop some of these pertinent themes in relation to the PSA framework itself, as well as their broader influence upon British political practice.

i. The role of the citizen in policy-making and implementation. This represents a key future research agenda, as both case studies demonstrated the disjuncture between the increasing expectations of citizens upon governments and their apparent unwillingness to modify behaviours according to these concerns. In many ways this tension has been exacerbated by the actions of the government, as there has been an increasing emphasis upon choice, voice and contestability in public service provision, reflected in policy outputs such

as the then ODPM's publications entitled *Citizen Engagement and Public Services: Why Neighbourhoods Matter* (ODPM, 2005b) and *Vibrant Local Leadership* (ODPM, 2005c).¹ Indeed, the 2007 CSR White Paper stressed the need to ensure the continued responsiveness of public services

People are therefore now accustomed to much greater choice and control over their lives. Higher educational levels mean they are better equipped to exercise this choice, less likely to accept advice without question and less likely to allow others to make choices on their behalf... The old divides between producers and users, experts and amateurs, are being broken down and blurred. Public services need to be ready to respond to these trends (Cm. 7227, 2007, p. 34).

More broadly, the government has pledged to empower citizens in all areas of public life, reflected in its *Governance of Britain* White Paper, which outlines a programme of democratic and civic renewal, based on a 'new relationship between government and citizen' (Cm. 7170, 2007, p. i). However, whilst there are several government outputs relating to the rights of citizens, less has been said regarding the responsibilities of citizens, which reflects the difficulties the government has experienced in invoking the behavioural changes necessary in the case study areas. The 2007 CSR was conspicuously quiet on the issue, simply stating that 'citizens will also need to take on a more active and responsible role themselves in order to fulfil their aspirations and meet the challenges of the decade ahead', without suggesting any definitive means of ensuring the fit between rights and responsibilities (Cm. 7227, 2007, p. 34). Similarly, the *Governance of Britain* White Paper emphasised the importance of national identity and civic pride, and included the provision of a 'Bill of Rights and Duties', without explicating the responsibilities of citizens in a modern, responsive state (Cm. 7170, 2007, pp. 53-62). Understanding the political imperatives that underpin such tensions, and identifying potential means of resolution, necessitates further research, which is one of the key objectives of the immediate post-doctoral research period.

¹ For a useful critique of the suitability of choice, voice and contestability as drivers of public services, see HC 49i, 2005.

ii. The importance of climate change as an area of governmental intervention and public policy-making. Both case studies demonstrated the way in which the issues of recycling and climate change mitigation are relatively recent additions to the political agenda, with domestic political activity commencing in the mid-1990s. The case studies highlighted the range of factors that had contributed to their salience, such as growing public concerns; increased scientific evidence and activity; and the interventions of supra-national and international political organisations. In particular, the issues of climate change mitigation, and increasingly climate change *adaptation*, have emerged as core issues of national and international political importance. However, as Chapter 6 demonstrated, the future shape and direction of climate change policy remains uncertain and contested. In the international arena, this is reflected in the disagreements regarding the future of the EU ETS, and the inability to secure consensus regarding the post-Kyoto period. Domestically, the ongoing challenge of behavioural change remains the biggest challenge to future policy, reflected in the substantial investigation recently carried out by the EFRA Committee (HC 88-I, 2007). Indeed, beyond the scope of the PSA framework, there are a series of critical junctures in the short-, medium- and long-term, such as the passage of the Draft Climate Change Bill (Cm. 7040, 2007) in the 2007/08 parliamentary session, the end of the Kyoto Protocol in 2012, and the eventual progress towards the 2050 CO₂ reduction targets within the Stern Review (HM Treasury, 2006c) and the Draft Climate Change Bill (Cm. 7040, 2007). Thus, many of the challenges presented by climate change policy-making to the strategic and operational capacity of the government, detailed in Chapter 6, remain ongoing and unresolved. In turn, this necessitates continued and sustained research regarding the impact of climate change policy upon state capacity and state organisation, with particular reference to the forthcoming critical junctures. Again, this is a key objective of the post-doctoral research period, and to this end a research paper has prepared, entitled 'Redefining the Scope of Government – The UK Government and the Challenge of Climate Change', to be presented at the 2008 Public Administration Committee Conference (Matthews, 2008a). More broadly, it has been suggested that environmental policy in general has become a key area of party political activity, which again reflects the role of the citizen in defining the public agenda, as the main parties seek to prove their 'green' credentials (Jordan and Lorenzini, 2007). Thus, as well as being a key research agenda in the field of public

administration, it is apparent that environmental policy-making is a key area of future research for the fields of political behaviour and party politics.

iii. The evolution of the PSA framework. Whilst considering all aspects of the PSA regime since its introduction in 1998, this research has focused specifically upon the 2005-8 target period borne out of the 2004 SR. However, as the framework remains in place as the main driver of public expenditure in the UK, future research is required to determine its ongoing effectiveness. Indeed, the publication of the 2007 CSR renders continued research particularly pertinent, as it provided for a fundamental overhaul of the PSA regime prior to the 2008-11 monitoring period commencing. Amongst the significant changes undertaken, the number of key headline targets are to be pared down from 110 to

a streamlined set of 30 new PSAs which articulate the Government's highest priority outcomes for the CSR07 period and span departmental boundaries, setting out a shared vision and leading collaboration at all levels in the delivery system (Cm. 7227, 2007, p. 36).

Thus, the majority of targets are to be delivered across a range of departments, underpinned by a single shared Delivery Agreement and led on by a single Secretary of State (Cm. 7227, 2007, p. 187). Complementing the basket of headline targets is a set of Departmental Strategic Objectives, which set out a range of departmental performance indicators intended to realise the overarching national targets (Cm. 7227, 2007, p. 36). In many respects, the new regime is intended to overcome some of the shortcomings associated with its predecessor, several of which are highlighted in this thesis, such as the constraints upon joint working, the dilution of effective accountability and the limitations of top-down consultation. However, early evidence suggests that tensions are already apparent. Interviews with LA officials, for example, revealed that limited consultation had been carried out regarding the future design and scope of the PSA framework (interviews, October 2007). Furthermore, the Environmental Audit Committee expressed concern that the 2005-8 tranche of targets were wrapped-up without any meaningful audit of progress made (HC 149-I, 2008). Thus, continued research is necessary to determine the effectiveness of the new regime in both restoring the strategic capacity of the centre and in

the effective delivery of public services, in accordance with its original aims, particularly as the regime's former incarnation was subject to a dearth of academic interest. Again, this emergent research agenda will be acted upon in the immediate post-doctoral period, relating the findings of this research to the evolving performance regime in order to determine the impact of the changes made (e.g. Matthews, 2008b).

It is therefore apparent that this research has been conducted at a critical juncture, as the ongoing challenges faced by the government in delivering its strategic objectives has led to the reconfiguration of one of the main tools in its co-ordinating armoury. Nonetheless, despite the inherent complexity within, and crowding of, the policy landscape (c.f. Richards and Smith, 2002, p. 4), it is clear that the government has maximised its resource advantage to ensure its pervading centrality in all governance transactions. Indeed, the organic evolution of the PSA framework over the past ten years indicates a certain degree of responsiveness and reflexivity, as the government has sought to adapt to many of the consequences, unintended or otherwise, that it has encountered in pursuit of its strategic policy outcomes. Nonetheless, the challenge for government is thus in ensuring the continued responsiveness of its strategic political leadership and institutional apparatus in order to avoid the worst excesses of fragmentation, hollowing-out and, ultimately, governance failure (see Jessop, 1998). Its success, however, is ultimately predicated upon an active acknowledgement of the inherent complexity and inter-dependencies across the political arena and its impact upon the traditional conception of power within the British political system, as embodied in the Westminster model. Herein lies the greatest challenge of all for government; the willingness to undertake a fundamental reappraisal of the normative underpinnings of state power, despite their important role in sustaining its traditional powers and capacity, due to their incompatibility with the emergent political landscape. Failure to do so will result in a disjuncture between political discourse and political reality, undermining the centrality of the government within governance transactions, and diminishing its capacity to steer the policy process. In this respect, the future of state capacity rests in the hands of those who exercise it.