

# Hasty changes to the machinery of government can disrupt departments for up to two years

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*Prime Ministers who are new in government or who are facing difficulties, often reorganize Whitehall as a way of demonstrating impact. Yet [Anne White](#) and [Patrick Dunleavy](#) show that this approach often has substantial costs, which are particularly hard to bear in the current climate of budget austerity.*



How Prime Ministers design Whitehall departments is crucial for how well the British state as a whole operates. Machinery of government changes are often announced at short notice, usually poorly managed and always costly. Current practices are short-termist, secretive and amateurist. We urgently need a more professional, well-studied and carefully evaluated approach - with much better parliamentary scrutiny. These are the key conclusions of our new study published yesterday by the Institute for Government and the LSE. The report [Making and Breaking Whitehall Departments: A guide to machinery of government changes](#) makes recommendations to improve the long-standing problems faced when making major changes to the role of Whitehall departments.



We researched our study with interviews with 34 top civil servants, ministerial and No 10 advisors, private sector experts and leading academics. They painted a picture how decisions made in haste about the shape of Whitehall can lead to up to two years of disruption. Of course, we recognise that some changes to the machinery of government are necessary, particularly under a new government with new priorities. But a far more professional and planned approach when doing so would minimise costs and reduce the time it takes for changes to become fully effective.



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In general the top UK officials consider that political motivations have been the primary drivers of change – leading to poor planning and unprofessional change management practices. One interviewee close to several changes in the study said:

*“We do it all the time... You get Number 10 ringing up and saying: “The PM wants to keep X person happy. What can we give him to do?” . . . When the question comes, very often you only have half an hour to find the answer. Literally half an hour. Sometimes less.”*

Others spoke of ministers in official cars en route to their new departments being suddenly diverted to a completely different department, after the PM had changed his mind in mid-reorganization about who should go where and with what brief.

The report identifies four specific key themes to machinery of government changes:

- **Reorganizations are announced at short notice:** The transition teams tasked with redesigning or creating entirely new departments were often forced to ‘go live’ with insufficient time to plan and with little or no resources in terms of staffing, buildings or equipment. The creation of the Department for Energy and Climate Change, for instance, is reported to have been created in just one night.
- **There is no extra funding:** New departments are allocated insufficient budgets to cover the set-up or corporate overhead functions. The report agrees with the NAO that wholly new departments cost at least £15m in additional costs and all changes can incur substantial costs due to differential pay settlements and productivity losses. The Department for Work and Pensions, for example, is estimated

to cost almost £175m.

- **Key staff are overloaded:** Once departments are 'live', top officials and transition teams find themselves with a double workload, running day-to-day operations while also undertaking the strategic planning needed for new or reorganized departments. Most significantly changed departments are reported to require two to three years to refocus and to begin to realise the benefits of the change.
- **There is far too little central support:** The Cabinet Office and Treasury do not have the resources to provide effective support to new departments. The report finds that staff tasked to advise and support department changes lack the professional skills, financial and staff resources to do so effectively.

## Changing the system so as to improve future reorganizations

The report proposes four changes to the process of machinery of government changes to enable politicians and officials to strike a better balance between the political imperative to change department structures and good administration:

### **1. Changes should be announced early enough to allow effective planning for the transition:**

Departmental reorganisations should be unlinked from the immediate context of ministerial reshuffle announcements. Departments should not be created until at least four weeks after they are announced, giving time for initial preparation and set-up. Any large-scale changes should not be implemented until after an affirmative parliamentary resolution (point 2 below). The current conventions of maintaining extreme secrecy about prospective changes of department structures should be abandoned.

### **2. An affirmative parliamentary resolution should be required within six months of a reorganisation:**

All departmental reconfigurations should require an affirmative parliamentary resolution when transfer of functions orders are laid and before substantial reorganisation work begins. Parliament should have an opportunity to consider departmental changes in a detailed way before a vote is held, possibly in the Liaison Committee of Select Committee chairs in the House of Commons, or possibly in a joint meeting of relevant departmental select committees. The Treasury must be more realistic in recognising that new and heavily reorganised departments will necessarily incur extra costs for at least their first year, this should be factored into reorganisation planning.

**3. New and radically changed departments should receive more support from the centre:** The Cabinet Office and Treasury need to improve their procedures and capabilities to provide more positive support for new or heavily reorganised departments. The Cabinet Office should create a capacity to provide a 'scratch team' to run a new department's core responsiveness operations for a transition period. The Cabinet Office should recognise that the reorganisation of departments is a vital task that is likely to recur reasonably frequently, and should henceforth be properly documented and continuously improved over time – instead of the current situation where experience resets to zero in each new case.

**4. Post-change assessments:** The cost-benefit analysis, business plan and strategic change programme originally submitted to Parliament should provide a focus for the relevant departmental select committee to assess the benefits and costs of changes, assisted by staff from the National Audit Office, within 18 months to two years. By this time changes should have 'bedded in' and differential pay or productivity dip problems should be evident.

Launching the report, Lord Bichard, the Executive Director of the Institute for Government commented:

"The power of British Prime Ministers to rearrange Whitehall departments serves as a powerful tool to meet new and emerging policy challenges. But snap decisions made with little scrutiny, support or time to plan can affect a department's performance for up to two years, on top of the huge costs involved. A more professional and considered approach to making changes to Whitehall departments is now essential."