

SGI Sustainable Governance
Indicators 2009

United Kingdom report



Executive summary

In mastering the challenges of globalization, the United Kingdom has demonstrated a strong willingness to open up its economy, to welcome foreign capital as well as migrant workers from EU member states, and to live with the social consequences of greater economic competition. Building on its self-conception as a model of a multicultural society, the UK government has also found pragmatic solutions for the aspirations to self-government of the three non-English nations within its borders. Many of these changes have been accompanied and facilitated by rapid institutional adaptation, which can in part be attributed to the absence of a written constitution. Unlike other countries that are subject to strictures of constitutional constraints, reform attempts on the part of the UK government can be implemented with relative expediency. The flexibility this affords, however, also means that UK governments underperform in terms of efficiency in institutional decision-making.

Pledging to “restore trust in politics,” Tony Blair’s Labour government initiated a dual process of constitutional reform and devolution of political powers aimed at modernizing accountability in the British political system. In so doing, it has employed new public management techniques such as “agencification,” or the use of agencies to implement government policies, quite successfully to control spending and reduce government responsibility. It has also maximized the use of communication techniques in disseminating political decisions to the public.

Successful devolution to Scotland, Wales and Northern Ireland empowered each by granting them powers tailor-made to their specific regional needs. Devolution, however, also curtailed the central government’s steering capacity, and the consequences thereof have only now begun to enter public discourse. Some reforms, such as those aimed at strengthening elected elements in the House of Lords, are blocked, whereas others, such as those designed to enhance parliamentary powers by reducing the prime minister’s decision-making powers via royal prerogatives, have just begun.

Most of the United Kingdom’s economic indicators are reasonably encouraging. Growth has been steady, if unexceptional, and inflation has remained muted. Compared with other countries, unemployment in the United

Kingdom has been kept low. However, the era of government-engineered changes to the economy is coming to an end. The macroeconomic framework set up in the 1990s has proven its value, although concerns linger over how well this framework can cope with a less benign global economy. There are other concerns regarding the country's transportation infrastructure, which, despite improvements remains insufficient. The UK tax system, though relatively easy to administer, is fairly complex in terms of the sheer number of taxes levied. The government has introduced several tax reforms aimed at improving the state of social justice. Social policy overall has been driven by the belief that employment is a key driver of social cohesion. The Blair government has delivered on this belief, increasing employment rates among groups often excluded from the labor market in other countries.

While the United Kingdom has proven itself emblematic of dynamic reform, its reforms have also been limited by three sets of structural problems. The first set is of an economic nature. The UK economy suffers from a continuing productivity problem and is deeply divided between the booming financial sector headquartered in London and all other sectors spread out throughout the rest of the country. The British school system is producing neither a sufficiently qualified workforce nor an attractive pool of skilled graduates. An underfinanced health system is also struggling to address labor shortages and long waiting lists.

The second set of problems are of a social nature. The gap between the rich and the poor, which to some extent reflects a geographical North-South divide, has grown at a time when civil rights protection have taken a back seat to the fight against terrorism, crime or anti-social behavior. The megacity of London, traditionally a symbol of successful multiculturalism, has itself in the wake of Islamic terrorism become the stage upon which the limits of integration and the dangers of neglecting social policies have played out.

The third set of problems relate to institutional structures. Although flexible, the British political system is driven by prime ministerial power. Limits to this power render the system itself inflexible, particularly when potential veto players, such as the House of Lords, House of Commons, the judiciary, cabinet, civil service, devolved governments or even the European Union, are empowered to interfere with political decision-making. There is an inherent tension between the prime minister's extensive powers and the attempt to facilitate a more responsive, open and participatory government that is manifest in governance.

The fact that reform and change have remained key issues in UK politics despite the persistence of these structural problems is in itself remarkable. The

Blair government put its reform agenda in the context of ideas such as the “Third Way” or “joined-up government,” while ensuring some cohesion in policy ideas and implementation, thus lending new policies legitimacy. Building on these successes, the UK government even managed to export its ideas on modernizing government and some of its more important policies such as the “welfare to work” program. In so doing, it has become paradigmatic of modernized capitalism in the globalized world.

Strategic Outlook

There are five key areas of strategic consequence for reform in the United Kingdom. The first entails bringing institutional reform to a logical conclusion. Whereas pragmatic solutions might have seemed best-suited to the country’s institutional problems in the past, the country currently faces a more radical decision as devolution continues and plans for introducing a Supreme Court raise fundamental questions of continuing the course of the Westminster model vs. the need for a written constitution. If such a document could be agreed upon, it would have serious consequences for the decision-making powers of the prime minister as well as Parliament’s power to scrutinize the government. It would also intensify the debate already underway on national identity.

Solving the problems of social cohesion constitutes a second area to be addressed. It is no longer clear what it means to be British in a country that has officially acknowledged its four constituent nations. Hyphenated identities, such as British-Scottish, are of course possible, but prompt questions over which identity has more valence. When the Scottish National Party took over regional government in Scotland, there were concerns that the United Kingdom itself could fall apart. Britishness, however, is not only a problem for separatists, but also for all British citizens with roots in the former colonies.

The third area to be addressed is improving the means of inclusion within the political process. Although the government has targeted improved participation among citizens in politics, public interest in politics, its general knowledge of political realities at home and abroad, as well as electoral turnout remain weak. Party membership is on the decline, MPs suffer from weakened reputations, and parties are struggling to find financial support. The United Kingdom must revive its existing institutions of representative democracy to combat these corrosive developments.

Improving public services constitutes a fourth area. The improvements made thus far in education, health and transport are not sufficient to create a sustainable society. Each of these areas suffer from underinvestment as well as an utter lack of good ideas for improvement. Schools continue to produce an underclass of unemployable graduates. And though it received a huge boost in funding, the health sector failed to achieve a concomitant delivery of services. Transport infrastructure remains poor as doubts surface over whether past private finance initiatives have yielded the expected results. The UK government needs to invest more patience and energy in problem analysis if it is to avoid wasting new money spent on these issues. It also needs fresh approaches to complement the economic paradigm in terms of defining problems and their solutions.

Economic development is the fifth area of focus. Despite improvements, UK productivity rates continue to lag behind those of several competitor economies. The government has initiated programs to bolster productivity that need to be pursued more rigorously and require further policy innovation. This is illustrated by the fact that the United Kingdom has made no real progress toward the goal of raising R&D spending to 3 percent of GDP.

In the long run, the UK government aims to raise the employment rate to 80 percent, which will require the activation of target groups less easily reached, including single parents and individuals currently in receipt of the incapacity benefit. The “welfare to work” approach applied to other segments of the labor market will need to be further refined to achieve this aim. Consumer debt remains uncomfortably high, and a possible downturn in housing prices could have an adverse effect on economic activity. A solution needs to be found, too, for the looming pension crisis, as 12 million people in the United Kingdom have failed to make adequate provisions for retirement.

Status Index

I. Status of democracy

Electoral process

Fair electoral process

Score: 10

Registration procedures for parties and candidates in the United Kingdom are fair, transparent and subject to regulations that prevent discrimination. British citizens and citizens of other Commonwealth countries, together with citizens of the Irish Republic, may stand for election as MPs provided they are at least 21 years of age, have no criminal record, are not in bankruptcy, and are not subject to the House of Commons Disqualification Act.

Requiring only a deposit, party registration is fairly easy and inexpensive, and subject to only a few formal restrictions, such as no offensive or misleading party names. There are no restrictions on party program content. Political parties are registered by the Electoral Commission and are bound by the rules set out in the Electoral Administration Act (2006). Candidates that do not belong to a registered party can run as independents or without accompanying descriptions on the ballot paper. The fact that there are cases in which a large number of candidates run, many of whom belong to extremist parties, testifies to the system's openness.

Fair electoral campaign

Score: 8

All candidates and parties have largely equal media access during election campaigns. Television news coverage is fairly balanced thanks to internal rules requiring a rough balance be given to the parties. The print media, however, does not have to be neutral and is known to be rather partisan.

Paid television advertising is banned, but parties may place advertisements in the print media. They are not provided free advertising space, but postage is paid for each candidate to send out one mail shot in their constituency. In addition, major parties are allotted free television advertising time that is based

*Inclusive
electoral process*
Score: 9

on the number of candidates put forward and proven electoral support. Because the main media outlets focus primarily on the three major parties – Labour, Conservative and Liberal Democrats – during non-campaign periods in particular, there is some inequality of access.

Every adult citizen can participate in national elections. Restrictions on the right to vote apply in three clearly identifiable cases: criminal incarceration, mental disability and membership in the House of Lords. To vote, one needs to be on the electoral register, which is kept by local authorities and updated every year on the basis of obligatory house-to-house canvassing.

Eight to nine percent of the electorate are non-registrants. The current system is weakened by the fact that more than half of the non-registrants (52 percent in 2000) live with parents, have moved within the last six months or rent from private landlords. Ethnic minorities are also underrepresented among registrants. Recommendations currently under consideration include moving entirely to individual registration to prevent fraud and introducing a national electronic register.

Access to information

Media freedom
Score: 9

The UK government does not interfere with media content choices and journalistic freedom. It has, however, tried to withhold, distort or spin information – as was the case in the course of the Iraq crisis – and it channels information by selecting journalists with access to unattributed background information.

All British television channels, public and private, are by law required to remain politically neutral. The print media is not similarly regulated, and most national titles tend to align themselves with political parties. As the only public service broadcaster in the United Kingdom, the BBC enjoys a relatively large degree of political independence as regards both rules and practice. Since 2007, the BBC has been overseen by the BBC Trust, which is independent from BBC management and whose members are appointed by the Queen on advice of the prime minister. Private media companies are also independent from government.

It should be noted that the Blair government actively sought to influence the media agenda. Most of these attempts were informal, making it difficult to establish their success. However, government criticism of the BBC, notably for its coverage of the Iraq war in recent years, resulted in resignations at top levels of the BBC and an increased sensitivity to issues of political interference.

*Media pluralism**Score: 7*

The UK print media is characterized by a strong concentration of ownership. Four companies dominate 87 percent of the national press market and a few corporations – often led by prominent individuals – control most of the large UK newspapers. Permitted to take strong political positions, the print media occasionally campaigns outright for certain issues. Its oligopolistic structure thus serves to impede media pluralism. For example, Murdoch-owned papers have been vocal in expressing euroskepticism. Nevertheless, (economic) competition is fierce and facilitates a pluralism of opinions.

The television market has three important players – the BBC, ITV and Channel 4. The public broadcasting system (BBC) competes with a highly concentrated private sector that has demonstrated little competition since the merger of the TV companies Carlton and Granada. Pay TV, too, is dominated by only a few companies, namely BSkyB and the two cable companies, NTL and Telewest. A new free-of-charge competitor, Freeview, has emerged since 2002.

Annotation: The final score given for this indicator is higher than those provided by the experts in consideration of the fact that the United Kingdom has one of the most pluralistic media systems of all countries surveyed. Although ownership structures are rather oligopolistic, this should not obscure the fact that products from the same owner may express varied and strong differences. Particularly in comparison with all other OECD countries, the score of eight given here is plausible.

*Access to government information**Score: 7*

The Freedom of Information (FOI) Act, which went into effect in 2005, created a statutory right of access to recorded information held across the public sector. There are, however, limits to the FOI when: openness is deemed to cause more harm to the public interest than good; the cost of compliance exceeds an appropriate limit; information is available by other means or related to security matters; the United Kingdom's international relations or its economic and financial interests are at stake. If access is denied, the authority must justify why a certain exemption applies. In such a case, appeals can be made to the Information Commissioner's Office, which can issue information and enforcement notices enforceable in court (i.e., complainants cannot take direct legal action). There are some indications that the government is rather restrictive in its handling of information provision, and that civil servants accustomed to a secretive tradition inhibit FOI implementation by dragging their feet. Internet-based information on government activities is good and serves to facilitate open government.

Civil rights

Civil rights protection

Score: 7

The United Kingdom is proud of its long tradition of maintaining civil rights without the protection afforded by a written constitution. Access to justice and protection from arbitrary state rule is codified in law, but the cost of legal proceedings makes access to legal redress difficult for the poor, despite some aid provisions.

Since 9/11 and especially since the London attacks of July 2005, the government has changed the parameters of civil rights protection by emphasizing the protection of life over civil liberties. The 2001 Anti-Terrorism, Crime and Security Act permits the indefinite detention of foreign nationals suspected of being a threat to national security in cases where evidence is either insufficient to result in conviction or originates from wire-tapping or other unrevealed sources. The House of Lords ruled such detentions unlawful in 2004. However, the new 2005 Prevention of Terrorism Act enables the home secretary to request control orders on suspects, whether British or foreign. These can be used to prevent suspected terrorists from using the Internet, telephone or from leaving their homes.

Other political aims used to justify infringements of civil rights include the fight against crime and anti-social behavior. Magistrates can issue Anti-Social Behaviour Orders (ASBOS) at the request of the police or local authorities on slim evidence (including hearsay) for conduct leading or contributing to a general sense of harassment, alarm or distress. Individuals as young as ten years old can be banned from entering an area, prevented from wearing particular clothing or from uttering certain words. This policy has led to a high density of public surveillance and gives the police a quasi-judicial power of deciding what anti-social behavior means. However, most observers agree that the courts have become more assertive in protecting liberties in part by reprimanding administrative breaches of law.

Non-discrimination

Score: 9

In the past decade, much has been done to protect against discrimination, both in terms of policy and practice. However, legal regulations have yet to filter through and affect change in deeply rooted societal behavior. The Equality Act of 2006 dissolved the Equal Opportunities Commission, the Commission for Racial Equality (CRE) and the Disability Rights Commission, but gave birth to the Commission for Equality and Human Rights (CEHR), which has a wider brief than its predecessors. In action since October 2007, the CEHR is the key body charged with monitoring efforts to combat discrimination and handling complaints. It will also enforce equality legislation on age, disability, health,

gender, race, religion or belief, sexual orientation or transgender status, and encourage compliance with the Human Rights Act of 1998.

In practice, the record on discrimination prevention is mixed. There are continued concerns about sexist, homophobic and racist attitudes – including instances of institutionalized racism such as the Stephen Lawrence Enquiry in 1999 – in sections of the national police force. It is generally believed that discrimination has grown since the London attacks of 2005. Legislation aimed at effectively promoting non-discrimination for the disabled shows an improving, but mixed record. The same is true for gender mainstreaming.

It is generally fair to say that state institutions effectively protect against discrimination and have a number of policy measures in place to prevent discrimination within society. Actively working to prevent discrimination, the British government cannot be blamed for residual discrimination throughout society.

Rule of law

Legal certainty

Score: 9

The absence of a written constitution in the United Kingdom can sometimes mean that government is less constrained in its use of discretion. Government also has a large degree of control over the legislative process and can therefore change legal provisions relatively easily should these constitute obstacles to the government's policy objectives. However, the government does not act outside the law and is usually predictable in its actions. This can also be said of the way public administration conducts its business, although recently – and especially in connection with terrorism – there appears to be a growing tendency to make use of discretion.

While government and its administration are grounded in the rule of law, there are “royal prerogatives” affecting the selection of the prime minister, constitutional issues and foreign policy issues, such as the declaration of war, the commitment of forces to armed conflict, treaty making or recognizing foreign governments. In most cases, the prime minister's use of such prerogatives follows established traditions and is therefore predictable as well.

Judicial review

Score: 10

Due to the absence of a written constitution and a Constitutional Court, there is no judicial review in the United Kingdom in the classical sense of the term – no court can legitimately declare legislation adopted by Parliament unconstitutional. However, courts have become increasingly assertive in subjecting executive action to judicial review in the sense that they have prevented public authorities from acting against the law or outside their statutory authority. The number of respective cases went up from 160 in 1974

to 3800 in 1996. The growing jurisdiction of European Union law and the Human Rights Act of 1988 are driving forces behind this trend, which is likely to continue.

There are currently four situations that can prompt a form of judicial review in the United Kingdom: illegality, in which public authorities take action beyond their statutory authority; procedural impropriety, in which statutory procedures have not been followed; irrationality; and proportionality – this last item being derived from EU influence. New institutions for reviewing government decisions, such as tribunals and ombudsmen, have also been created to help guarantee the rule of law.

*Corruption
prevention*

Score: 8

Corruption among officeholders is an occasional, but not dominant feature of politics in the United Kingdom. There have been several efforts to prevent misconduct on all levels of government and to prevent abuses of party finance. The Commission on Standards in Public Life was established as a response to misconduct among MPs. Its first report in 1995 prompted the creation of the House of Commons Standards and Privileges Committee (CSPL) to report on MPs' interests and conduct.

In 1997, the CSPL's terms of reference were extended to cover political funding. In 2000, the Political Parties Election and Referenda Act (PPERA) established the Electoral Commission to regulate party spending at the national level and donations to parties. While there is no limit on the size of donations, PPERA requires parties to publish annual accounts that exceed a specified limit.

There is a Code of Conduct for MPs spelling out the rules for ethical behavior. The code prohibits MPs from raising issues in Parliament or from introducing a delegation to a minister or civil servant in exchange of payment. Members of parliament are also required to register and declare donations, gifts and benefits. Although there are no binding rules on potential conflicts of interest for ministers, there is a Ministerial Code of Conduct, especially with regard to transparency rules, that was confirmed and renewed when Gordon Brown became prime minister in 2007.

To fight the patronage effects associated with the government's wide power of appointment, a Commissioner for Public Appointments was established with the support of an administrative staff. The commissioner oversees more than 10,000 government appointments each year. The civil service is also subject to anti-corruption regulations enforcing the values of integrity, honesty, impartiality and objectivity that were specified for the first time in 1996 and again in 2006 through the Civil Service Code.

The Local Government Act 2000 aims to secure the integrity of local government by stipulating that all new councilors must state they have understood the register of interests, which entails declaring any interest and withdrawing from any proceedings in which this might be an issue. There is also a code of ethics for council officers. While many observers argue that corruption is still a problem in the United Kingdom, and that public procurement is the greatest single source of corruption, the large number of anti-corruption measures taken by the government should be respected.

II. Economic and policy-specific performance

<i>Basic socioeconomic parameters</i>	<i>score</i>	<i>value</i>	<i>year</i>
GDP p.c.	4.62	32860 \$	2005
Potential growth	2.86	2.7 %	2008
Unemployment rate	8.08	5.3 %	2006
Labor force growth	4.72	1.3 %	2007-2008
Gini coefficient	6.01	0.343	1999
Foreign trade	2.18	-24.83	2005
Inflation rate	7.99	2.3 %	2007
Real interest rates	7.46	2.7 %	2007

A Economy and employment

Labor market policy

Score: 9

Measured in terms of the rate of unemployment, labor market performance in the United Kingdom has been good, and unemployment has been in decline or stable for more than a decade. UK unemployment rates have been substantially below those of the euro zone for more than ten years and below the OECD average since 2000. This fact is especially impressive given the substantial immigration into the UK labor market from EU accession countries. But

relying on this indicator alone is misleading, as there are some persistent problems in this policy area.

A point worth criticizing is the working age inactivity rate, which has hovered above 21percent since the 1992 recession. This reflects in part a lack of skilled labor, which constitutes a major problem for the labor market as a whole. While the United Kingdom compares well internationally in terms of its supply of university graduates, there are insufficient numbers of individuals with intermediate and vocational qualifications.

Many of the unemployed end up claiming disability-related benefits. In 2005, the government started a “Pathways to Work” policy initiative to move people out of incapacity benefit in which new claimants are offered specialist advice, programs to help manage their conditions, and access to a range of tailored support.

As part of the government’s overall strategy for ensuring employment opportunities for all, there is a working tax credit available to people with low incomes who work at least 16 hours a week. The credit is based on a welfare-to-work principle that stresses job-seeking and discourages long-term reliance on social welfare. There is no social policy in the traditional sense for the unemployed as a separate group. Instead, all efforts target the re-integration of the (temporarily) out of work into the labor market. Unemployed individuals capable of, available for, and actively seeking work can receive benefits in the form of the “Jobseeker’s Allowance.”

The UK labor market is regulated only lightly. The government introduced a national minimum wage in 1999 that poses no considerable burdens to industry, and its increases have thus far been subject to favorable economic conditions.

Enterprise policy

Score: 8

The United Kingdom is widely regarded – not least due to its solid macroeconomic performance over the last decade or so – to have demonstrated highly successful enterprise policies. It is generally agreed that the cost of doing business in the United Kingdom is comparatively low and that regulation is comparatively light. Economic policy in the United Kingdom is indeed generally more pro-competitive than that of many of its EU partners. The country also tends to be less defensive about inward investment and takeovers. It is also important to recognize that the country’s light regulatory framework seems to favor the powerful financial and business services sectors, and that numbers of new firms are on the upswing.

The two major unresolved problems in the context of enterprise policy are the regional imbalance of investments and the productivity gap of British industry in comparison with leading performers worldwide, even when differences in the industry mix are taken into account. The low level of basic and/or vocational skills among parts of the workforce as well as low spending on research and development (R&D) contribute significantly to this productivity gap.

In July 2004, the government developed a ten-year Science and Innovation Investment Framework to achieve the following goals: improve the sustainability of the public science base; stimulate increased business investment in R&D; create incentives for knowledge transfers and university-business collaboration; improve science and engineering education at all levels; and to develop greater public engagement with science.

In the service economy, trademark developments may be more important than patent applications. Indeed, the United Kingdom shows strong performance in the areas of intellectual property rights, creative industries such as advertising, music, publishing and fashion, as well as finance. Actively promoted by government policy, these developments point to policy successes.

Tax policy

Score: 8

Corporate taxes in Britain have been competitive since the end of the 1980s. Britain has been a forerunner in the European tax competition, which has attracted investors worldwide. Britain's European competitors have since lowered their corporate taxes as well, but Britain continues to have one of the most favorable conditions for investors.

In 2008, the corporation tax is to be cut from 30 pence per pound to 28 pence per pound, which will give Britain the lowest company tax rate of all major economies. However, lower corporation taxes have meant an increase of consumption taxes, which have hit lower-income individuals the hardest. Although personal income tax levels have been fairly equitable and moderate, the shift from direct to indirect taxation has distorted overall equity. Then again, taxation policy has been aimed at redistributing income from the top brackets to the bottom quintile. This has, in part, been the goal of various tax credits such as those mentioned under "labor market policy."

In terms of sufficiency, for decades, tax revenues have been inadequate in financing public services and infrastructure. Although the share of government investment in GDP has risen in recent years, it remains relatively modest in international comparison.

Budgetary policy

Score: 9

Public finances in the United Kingdom are in good shape. The administration's direct or indirect control over most spending permits a favorable environment for exercising control over budgetary policy. The combination of a clear policy framework (i.e., fiscal stability), a politically strong chancellor, and strong economic development during the last ten years have facilitated positive developments in budgetary policy.

Despite substantial real increases in the level of public expenditure over the last five years (e.g., health or education), the United Kingdom's public finances are robust, showing a low level of public debt and a public deficit that has generally remained below the 3 percent threshold used to define an excessive deficit in the European Union.

The government aims to adhere to the golden rule stipulating that the public sector borrows only to invest over the course of the economic cycle. Borrowing is constrained to keep the ratio of net public debt-to-GDP below a prudent level of 40 percent of GDP. There have been problems in applying this rule due to readjustments in defining the economic cycle, which were implemented apparently to ease compliance with the rule.

At the time of this writing, the government is not running a balanced budget and there are potential risks associated with lower revenues from North Sea oil taxation and pension financing. Nevertheless, fiscal sustainability remains clearly a core principle of government policies.

B Social affairs

Health policy

Score: 7

As the cornerstone of the British welfare system, the National Health Service (NHS) survived even the Conservatives' emphasis on privatization in the 1980s and early 1990s. The system combines universal coverage – a great plus – with central management and control, and is considered to be inexpensive or underfunded in comparison with other countries, depending on the point of view.

In the late 1990s, the Blair government set about to match European spending levels and service quality. A massive increase in NHS spending – by 48 percent in the five years up to 2004/05, followed by another 23 percent through

2007/08 – has yielded positive results, although there is some debate regarding the proportion thereof that has translated into cost inflation due to labor market constraints. Despite the improvements made to the system, the United Kingdom lags behind many European countries in terms of health provision in certain areas such as cancer treatment. Dental care is not covered by NHS and there is some concern about private vs. NHS patients' access to dentists.

The Healthcare Commission, which provides an independent check on the quality of NHS services in England, reported in October 2006 that almost half of the hospital trusts providing acute care were rated only “fair” or “weak.” Primary-care trusts, which buy health care for patients living in their areas, were given even worse ratings, with two-thirds landing in the two lowest categories. The Commission also found that 37 percent of trusts had failed to manage their finances adequately for the year through March 31, 2006.

The aforementioned spending increases have resulted in substantial increases to doctor and nurse salaries, and they have reduced waiting times for patients. Down from an average wait time of 9 months for inpatient care in 1988 to 3 months in 2004, the average wait time nonetheless remains long at 2.5 months.

The changes made to the health system's incentive structure and improvements in patient choice have altered the system substantially, but expectations have changed just as quickly. Patient satisfaction has therefore not increased in line with spending, which is in part due to the system's laborious and centrally imposed bureaucracy. Furthermore, devolution has resulted in different health strategies being adopted in various parts of the United Kingdom.

Social cohesion

Score: 6

During the 1980s and early 1990s, the United Kingdom became one of Europe's most unequal countries in terms of the Gini Index. Although the Labour government has made combating social inequality a core challenge over the last ten years, poverty and inequality levels have not changed much since the mid-1990s. Income gaps are widening, as the top 10 percent have seen their earnings rise by almost 60 percent from 2004 to 2007. The top 1 percent of income earners accounted for 13 percent of total income in 2000.

Homelessness, which is an indicator of absolute poverty, is high compared to other European countries. There are also high social class differentials in infant mortality and other health indicators.

The government has placed the reduction of (especially child) poverty high on its agenda, using both support programs (e.g., changes in benefits) and the tax system to do so. As noted under “labor market policy” and “tax policy,” the tax

system has achieved substantial redistribution toward the bottom income quintiles. However, results have been mixed, as the child poverty rate, which is down from 33 percent in 1996/97, remains high at 28 percent; and poverty among households of working-age adults without children is largely unchanged at 13 percent (2003/04).

Poverty reduction efforts have succeeded in raising incomes among the poorest. However, there have been hardly any attempts made to address inequality more generally, which is in line with the government's policy of encouraging growth at the top income levels.

Family policy

Score: 7

Fifty-two percent of women in the United Kingdom with children under the age of five work; 65 percent of them work part-time. This statistic suggests that many British women prefer to work part-time while their children are young. Often unable to do so in their current jobs, many must move to a lower-paid, lower-skilled job, or leave the workforce altogether. While women's hourly pay increases steadily as their children grow up, it rarely returns to pre-childbearing levels. Targeting these problems, the Labour government made improving conditions for combining parenting with labor market participation a key priority.

The Labour government also increased investments in services for young children (e.g., increases in the number of child care places and free provision of a part-time nursery place for all three- and four-year-olds), which enabled parents to take up work. Further family-friendly reforms include the introduction of a longer and more generous maternity leave (currently 9 months with a payment of 105 pounds a week) and the introduction of a paternity leave clause of two weeks with the same payment.

Targeted programs such as "Sure Start" focus on the most economically disadvantaged areas and seek to provide home visiting, parenting support, good quality play, learning and child care experience, primary health care and advice, as well as support for children and parents with special needs. Introduced in 2003, the Child Tax Credit provides means-tested tax credits for children in households that are in and out of work to reduce the costs of child care for low income families by 70 percent.

Though considerably lower than ten years ago, the level of worklessness among households with children remains high at 49 percent in 2002 among single parents and 6 percent among dual parents. According to a recent study, the tax credit reforms between 2000 and 2003 have shown positive

employment effects for lone earners, but slightly negative effects for second earners, which are mainly women.

Pension policy

Score: 7

The mixed pension system has three pillars of support: the first being a general public system; the second a substantial reliance on occupational pensions; and the third being individual pension plans, which appear to play a limited role in the overall system.

A glance at the first pillar shows that the United Kingdom has the lowest public pensions in the OECD, with a net pension of just 41 percent of pre-retirement net earnings, compared with an OECD-average of 70 percent. The main challenge for Britain in this area is to improve its poor record on poverty prevention: one in five pensioners lives below the poverty line.

A whole arsenal of policy measures have been employed, including significant increases made to the means-tested Basic State Pension, which has been rising above the rate of inflation. The introduction of so-called Stakeholder Pensions and the switch from the SERPS scheme to the State Second Pension in 2002 were designed to allow the accumulation of additional pension entitlements.

Aimed at improving fiscal sustainability, the shift from universal benefits to means-testing has yielded some success: the United Kingdom is one of only a few OECD countries that has been able to increase rather than cut pension entitlements – albeit from a low base. Future fiscal costs of state pension systems are not projected to rise significantly as the population ages and intergenerational equity seems to be ensured.

Private pension systems in Britain do not appear able to fill the gap left by the state sector. The proportion of the workforce covered by this system is not increasing and the average level of provision is declining. The Pensions Commission estimated in 2006 that up to 12 million people are not preparing properly for retirement.

C Security and integration policy

Security policy

External security

Score: 8

As one of NATO's founding members, Britain is firmly integrated into the security context of this military alliance, and has – for historical reasons, but also as a matter of political choice – maintained a very close foreign policy

partnership with the United States. Britain's self-perception as a player on the global stage (both diplomatically and militarily) has led to its taking an active role in world politics. The United Kingdom also plays a leading role in developing a European security and defense policy. Expenditures for defense are clearly above the European average.

The general public has so far supported most of the country's military actions, although there have been some cases in which this has been limited, especially with regard to the deployment of troops to Northern Ireland (which ended in 2007). There has also been some protest voiced against Britain's possession of nuclear weapons, which is of symbolic importance given the country's role as one of the nuclear powers sitting on the U.N. Security Council. There has never been a national consensus on Britain's current engagement in the invasion of Iraq. Opinion polls show that the deployment of troops to Iraq is deeply unpopular and considered a risk to national security, also at home.

Internal security

Score: 8

Shortly after having come to power, the Blair government announced a "tough on crime, tough on the causes of crime," strategy and has since pursued a policy that has resulted in extended police powers and an increase in the number of prisoners to a record 81,000 in September 2007. There are, however, concerns about this growing number as prisons have reached full capacity and rehabilitation capacities are overstretched.

Policing in the United Kingdom is highly fragmented and marked by diversity in local security outcomes. The absence of a national police force means that information is not properly or adequately shared throughout the country. The Blair government attempted to reorganize policing by consolidating local police forces, but this had to be abandoned in the wake of strong local opposition.

The British Crime Survey shows that objective crime figures have dropped significantly from a peak in the mid-1990s, with particular reductions in burglary and car theft crimes. There has been debate, however, over whether this reduction reflects changing definitions rather than genuine "on the ground" change.

The threat from militant Islamic terrorism has resulted in substantial budget increases for Britain's internal (MI5) and external (MI6) security services. It has also enhanced UK efforts at the European level to encourage other member states to tighten controls. As a result, security at UK airports is much tighter, and though irritating to many travelers, security is more rigorous than in other countries. Since the 2005 terrorist attacks, police forces have been granted new powers to retain suspects, and stop and search passers-by. There have also been a number of initiatives taken to stop militant Islamic groups, for example

through the creation of mosque “watchdogs.”

The internal fight against terrorism has shown that although terrorist attacks could not be avoided altogether, the coordination of security forces has prevented some major acts of terrorism. Public confidence in the police’s ability to fight terrorism is thus higher than confidence in its ability to secure public order and safety.

*New security
policy*

Score: 8

The recent rise in the number of terrorist attacks internationally indirectly testifies to the need to understand security policy in more broad terms and to include, for example, new forms of international cooperation and development aid as well as innovative approaches to ensuring internal security. From this point of view, UK security policy is inadequate in terms of the country’s level of spending on development aid, which is nonetheless combined with an open market policy and efficient global military capabilities.

Britain’s worldwide military capabilities are not fully developed in all respects. Although it has a rapid-response force for crisis management anywhere in the world that allows the country to intervene on its own or together with her EU and NATO partners, autonomy of action is constrained by a lack of sealift capabilities and limited satellite support, which inhibits the use of all modern warfare techniques. Measured in terms of its emphasis on military response to threats rather than the prevention of threats rooted in socioeconomic issues, Britain’s overall security policy is unbalanced. However, its open market policy might be considered a step forward in raising wealth internationally by lowering barriers to economic interaction.

Internal threats posed by militant Islamic groups constitute another aspect of new security policy in Britain. Indeed, the United Kingdom is one of the first OECD countries to be facing the problem of “home-grown” terrorism. Participation in the political system’s formal mechanisms is low among the country’s large domestic Muslim community. Muslim immigrants in particular are poorly integrated, and the government is torn between emphasizing more integration and strengthening existing police and intelligence mechanisms. Measures in the latter area have included section 23 of the Anti-Terrorism, Crime and Security Act 2001, which permitted the detention of foreigners suspected of involvement in international terrorism for an indefinite period of time. In December 2004, the House of Lords heavily criticized this act, but 2005’s Prevention of Terrorism Act enables the home secretary to request control orders on suspects, whether British or foreign. These orders can be used to prevent suspected terrorists from using the Internet and telephone or from leaving their homes.

Integration policy

Score: 8

Britain considers itself a multiracial and multiethnic society. Integration is therefore not exclusively a matter of immigrants adjusting to British culture. The majority society itself has undergone changes over time and taken up migrants' cultural influence.

There have been a couple of legislative measures in recent years aimed at combating discrimination and promoting the integration of migrants into UK society. These include the 1998 Human Rights Act and the 2000 Race Relations (Amendment) Act, both of which tasked public authorities with promoting racial equality and targeted indirect and direct discrimination. The general thrust of these measures is to systematically inject concern for racial equality into UK public policy. An Ethnic Minority Achievement Grant (EMAG) was installed in the education sector to support a range of programs benefiting schools with high concentrations of minority ethnic students.

Despite these measures, ethnic minorities live, on average, in less favorable environments than those of the majority. It is misleading, however, to classify all members of ethnic minority groups as the "underclass." For ethnic minorities, integration into British society has meant, among other things, social stratification in which some individuals have attained financial success and others have not.

Perceived as non-permanent residents, recent immigrants, particularly eastern Europeans that have arrived since EU enlargement in 2004, have greater difficulty integrating than "older" immigrants from former British colonies in part due to the lack of integration policies targeting them. Muslim communities pose another somewhat problematic issue for integration as they have only weak cultural and political links to the majority society.

D Sustainability

Environmental policy

Score: 7

Although Britain is on track to meet its obligations under the Kyoto protocol, it has a mixed record in other areas of environmental protection. In March 2005 the government launched a strategy "Securing the Future," defining 68 indicators for measuring success in sustainable development. Improvements in several areas could be reported by 2006 when measured against the state of affairs in 1999. But some indicators showed a worsening situation, especially

concerning carbon dioxide emissions, energy consumption or water loss through leakages.

While there have been some positive developments in environmental degradation in the United Kingdom, it remains unclear whether these are in fact due to regulation or to structural changes in business (i.e., replacing older technologies with newer ones). In general, environmental policy has so far focused mainly on business rather than on transport or housing, but recent debates such as the carbon tax on flying or building new “eco towns” may shift the focus.

After a slow start, Britain is now considered a leader in the design and implementation of so-called New Environmental Policy Instruments (NEPIs), which are market-based instruments to increase environmental performance. Some of the NEPIs introduced in recent years include: the landfill tax (a charge on the disposal of waste to landfill); the climate change levy (a charge on energy use); the 100 percent capital allowances scheme (available to companies investing in energy efficiency technologies); and the renewables obligation (applies to electricity suppliers). Britain is also the first country with a legally binding obligation – as of 2008 – to operate a system of “carbon budgets.” These budgets are rolling five-year limits placed on carbon-dioxide emissions that have been planned 15 years in advance. An independent commission on climate change will advise ministers on how to meet the respective targets and give annual reports to Parliament. As recent developments, NEPI instruments have yet to be systematically evaluated.

Research and innovation policy

Score: 7

The United Kingdom’s innovation performance has been mediocre in international comparison. The current level of research and development intensity (R&D spending as percentage of GDP) ranks sixth among the G7 countries, with only Italy ranking lower. At the moment and despite a relatively strong academic science base, the share of researchers in total employment is relatively limited and employers regularly report shortages. In international comparison, the number of patents is relatively low as is that of true product innovators.

To address these problems, the government published in 2004 a 10-year plan for science and innovation that includes the target of raising R&D intensity from the current level of 1.9 percent to 2.5 percent of GDP by 2014. The plan sets out a comprehensive set of policies to improve the sustainability of the public science base, stimulate increased business investment in R&D, create

incentives for knowledge transfer and university-business collaboration, improve the teaching and learning of science and engineering subjects at all levels, and achieve greater public engagement with science.

However, the United Kingdom's now far-advanced shift from an industrial to service-based economy means that R&D spending may not be a fully sufficient indicator of innovation. Nontechnical innovation, for example in financial services, plays an important role in Britain's economic development. The city of London is known for the ease of access to loans and venture capital availability – features made possible by a specific market-oriented regulation regime. The United Kingdom also excels in the quality of its management schools and has several world-class universities that foster strong links with the business community in developing new products.

Education policy

Score: 6

Although the United Kingdom was ranked 8th out of 33 countries in the 2000 PISA study and literacy rates of 15 year-olds are above the OECD average, a high percentage of its population have low educational attainment. The educational system produces a large group of non-achievers without basic literacy, and there is a lack of intermediate and vocational qualifications. Twenty-nine percent of those aged 25 to 34 are low skilled – a share considerably larger than that found in most OECD countries.

This state of affairs prompted the Labour government of the past decade to focus on education policy and implement a plethora of policy initiatives aimed at transforming the primary, secondary and tertiary education sectors. To combat a long history of deep-seated skills problems, incentives were introduced to reduce the attrition rate of students above 16 years of age. Other programs were initiated to provide a better start for those under five, and opportunities for adults to renew their skills were expanded.

The school system produces some world-class high-flyers, but these individuals are primarily the result of private schools and the few remaining grammar schools, the latter being a form of selective secondary education that takes only the top 10 percent to 25 percent of pupils from a catchment area. On average, the British education system benefits above all the middle classes and is not open enough to help clever but poor children. It also has no strategy for dealing with the most troublesome students and school truancy. Independent schools remain sought after by middle-class parents.

There is a clear lack of opportunities for intermediate and vocational training in the United Kingdom. One in ten 16- to 18-year olds is neither in education, nor

in employment or training. Britain has one of the lowest school enrollment rates of 17-year olds. Things look less gloomy at the university level, where the supply of graduates compares well internationally. University enrollment rates expanded rapidly during the 1990s. Recently, higher education specialists have focused on reducing the social gap in university admissions through closer monitoring, while at the same time, the introduction of university fees have threatened to deter lower social groups from making use of new offers (NB: devolution has allowed Scotland to set other priorities here). The experiment with so-called city academies to improve education achievement in inner cities has been ambiguous. Although access to education has improved, it remains unequal. Graduate output of upper secondary and tertiary education is still lower than in most other European countries, and the UK system fails to produce sufficient numbers of scientists and engineers.

Management Index

I. Executive Capacity

*Cabinet
composition*

<i>Prime minister</i>	<i>Parties in government</i>	<i>Type</i>	<i>Mode of termination *</i>	<i>Duration</i>
Tony Blair	Labour Party (LAB)	Single party majority government	1	06/01-05/05
Tony Blair	Labour Party (LAB)	Single party majority government	2	05/05-03/07

** The following modes of termination should be distinguished: elections = 1; voluntary resignation of the prime minister = 2; resignation of prime minister due to health reasons = 3; dissension within cabinet (coalition breaks up) = 4; lack of parliamentary support = 5; intervention by head of state = 6; broadening of the coalition = 7.*

A Steering capability: preparing and formulating policies

Strategic capacity

*Strategic
planning
Score: 8*

While prime minister, Tony Blair created the position of a chief of staff to manage the entirety of Downing Street operations. He also integrated the prime minister's operations with those of the Cabinet Office to ensure that the Prime Minister's Office retains strategic control. In addition to centralizing the steering capacities for strategic planning, former Prime Minister Blair procured greater expertise in strategic planning. Following their second electoral victory in 2001, the Labour Party 2001 installed a Delivery Unit as part of the Cabinet Office to monitor the progress made in implementing New Labour's electoral promises.

To improve services such as railways and health services, the government created an Office of Public Services Reform. It also established a planning

cell, the Forward Strategy Unit, to develop new ideas. The Forward Strategy Unit merged with the Performance and Innovation Unit to form an integrated Strategy Unit, which eventually came under the auspices of the Reform Strategy Group.

Whereas decision-making was carried out within a general strategic framework that remained flexible enough to accommodate conflicting pressures, the Blair government was particularly strategic in communicating its policies.

Scientific advice

Score: 7

Whitehall has, as another component of its strategic capacity, a well-developed think tank culture, and the New Labour government has drawn extensively on policy advice from left-wing think tanks.

A former cabinet secretary declared in a 2005 speech that the government was very much open to ideas from think tanks, consultancies, special advisors, and frontline practitioners. The secretary also stated that the government cast a wider net than before in seeking consultation while developing policies, and that it involved outsiders to a far greater degree in the policy-making process.

Whereas expert advice informs the government of alternatives in problem-solving, it has no authority of its own when it comes to political decision-making. In this respect, special advisors, as political appointees with temporary government contracts, play a more important role than think tanks. New Labour started with 60 such advisors; by 2003 there were 81. Of those 81 individuals, 26 worked in the Prime Minister's Office, the rest in the ministries.

Inter-ministerial coordination

GO expertise

Score: 6

Whereas ministries are tasked with drafting bills, the Policy Directorate in the Prime Minister's Office acts as a kind of quality assurance. This does not imply quality control in the technical sense, namely keeping watch on every detail of certain policies; the Policy Directorate's purpose is rather to develop and protect party policy, and to ensure high impact in the presentation of issues. It therefore substantively evaluates ministerial draft bills and may radically rewrite senior Cabinet ministers' White Paper drafts.

The Policy Directorate is staffed primarily with policy experts drawn from outside government, but it also includes some civil servants. Under the Blair government, the Directorate became an instrument of the central government, as well as an incubator for new ideas beyond the departmental perspective.

*GO gatekeeping**Score: 10*

Cabinet proceedings are chaired by the prime minister, who controls the agenda and decides which items are to receive political support. Neither Margaret Thatcher nor Tony Blair, for example, hesitated in overruling ministers or rejecting their ideas. One should also note that certain important political decisions have always been made outside Cabinet, which includes those regarding nuclear policy or intelligence and security policies in general. The Cabinet Office, specifically the Cabinet Secretariat, which is the most important unit politically within the Cabinet Office, prepares the agenda for Cabinet meetings. This agenda is agreed to by the prime minister and the Secretariat may contact Secretary of States' offices to request that a Secretary of State presents a paper or speak on an issue. It should be noted that full Cabinet meetings are extremely short – averaging 30 minutes – have no elaborate agenda, and provide no room for decision-making. Cabinet committees (see “Cabinet committees” below) are the real fora for government decision. Of course, the Cabinet Office also has the power to set agendas for cabinet committee meetings.

*Line ministries**Score: 8*

Policy development is the task of ministers and their civil servants. Ministers are the generalists charged with communicating their respective department's policies, whereas civil servants take a large number of policy decisions. Both the Prime Minister's Office and the Cabinet Office are regularly briefed on the preparation of policy proposals, which cannot be initiated without the support of the prime minister.

During his tenure in office, Tony Blair centralized decision-making and enhanced the hierarchy within central government to expand his capacity to steer and coordinate the Whitehall machinery. As a result, the Prime Minister's Office can now support or veto ministerial proposals across the board. The strategy of “bilateralism” in which ministers worked through the prime minister and his staff rather than through established channels was a defining feature of Blair's term.

*Cabinet committees**Score: 9*

Policies are formally articulated and decisions are effectively made in Cabinet committees. These committees can be staffed by ministers exclusively, by ministers and civil servants or, if they have the form of consultative committees, by outsiders working together with government representatives. There are also joint ministerial committees with the representatives of devolved governments in the United Kingdom.

Though informal governance has been on the rise for a while, it was Tony Blair who fostered a decision-making process in which the Prime Minister's Office, as well as intradepartmental networks and ad hoc ministerial meetings play the key role. From 1997 to 2005, no meaningful political or

strategic decision has been taken by the full Cabinet in a truly collegial manner. Since the Heath government, it has been the case that business settled in Cabinet committees is near impossible to reopen within a full Cabinet unless the committee chair or the prime minister – who chairs a substantial number of Cabinet committees – decides to do so.

Senior ministry officials

Score: 9

While the Cabinet Office is responsible for a smooth-running Cabinet system, top civil servants have extensive decision-making powers within the ministries, and they may even determine departmental policy views. Senior ministry officials filter issues to make room for strategic political debates and often get involved in developing ministerial strategies.

The Cabinet Secretariat and individual departments consult with each other at the civil servant level, which includes junior ministers, in preparing Cabinet and Cabinet Committee meetings. Ministers must give 7 days notice of items likely to require substantive policy discussion. Once the Cabinet Secretary – in consultation with the prime minister – has drafted an agenda for the meeting, he may request that individual Secretary of State offices prepare a paper or a presentation. These papers or presentations must then be submitted to the Cabinet Secretariat at least 2 days before the meeting. Civil servants within the respective departments prepare the items on the draft agenda, including papers and presentations, and then brief the Secretary of State before the cabinet meeting.

Line ministry civil servants

Score: 9

Line ministry civil servants are tasked with shadowing Cabinet committees and preparing their meetings. Most decisions are arguably taken at this level of the government power structure.

The Cabinet Office generally leads the coordination of policy proposals by chairing ad hoc groups of officials from government departments with an interest in a given issue. The ministry drafting the legislation customarily takes the lead with the aim of securing an initial text that has filtered out many options. Cabinet committee members hail from other ministries and other parts of government, which allows the policy issue to be considered from several angles.

The Blair government made inter-departmental coordination of policy-making a priority, calling it “joined-up government,” which stresses greater efficiency and effectiveness in policy-making by integrating all levels involved and removing barriers that encourage fragmentation. In certain policy areas, however, coordination is now limited by the effects of “agentification.” At arm’s length from the core administration, there is less incentive for several units to coordinate policies. Furthermore, in contrast to civil servants, executive agencies are supposed to rely on the logic of

economic efficiency rather than that of accountability.

Annotation: Ian Holliday, “Executives and administrations,” in *Developments in British Politics* edited by Patrick Dunleavy et al, (Basingstoke: Palgrave, 2006), 88-107.

Regulatory impact assessments

RIA application

Score: 9

The Better Regulation Executive (BRE) unit in the Cabinet Office recommends that Regulatory Impact Assessments (RIAs) be systematically conducted for all major and new – not existing – legislation. The BRE’s stated aim is to legislate only where necessary and to deregulate existing legislation wherever possible. RIAs are to support departments in delivering policies by compelling policymakers to think through the consequences of government intervention.

As a result of the BRE’s work, 176 RIAs were conducted across all departments between July and December 2006. The Department for Trade and Industry and the Department for Environment, Food and Rural Affairs conducted the largest number of RIAs (70 and 24 respectively).

A post-implementation review after three years is a fixed element of all RIAs. Sunset clauses, or provisions in which legislation expires upon a certain date, are supposed to be considered for all legislation. In three of the past five years, there has been a 100 percent compliance rate across all departments in applying RIA guidelines. A new RIA scheme aimed at rationalizing the process and rendering it more transparent was implemented in November 2007.

Needs analysis

Score: 10

Needs analysis is an integral part of the British RIA scheme. There is an impact assessment guide defining six stages in creating an RIA: (1) the development stage, which includes defining a policy problem, gathering evidence, defining the rationale for government intervention, and identifying policy objectives; (2) the options stage, in which options are identified and tested; (3) the consultation stage, in which options are refined and public consultation elicited; (4) the final proposal stage, in which the costs and benefits of a preferred option are weighed; (5) the implementation stage; and (6) the review stage.

Alternative options

Score: 10

Assessing alternative options, including the “do nothing” option, is part of the process described in the RIA manual. The recommended full analysis is to include a quantified analysis, in detail, of the costs and benefits of various

alternatives.

As of April 2008, the Renewable Transport Fuels Obligation (RTFO) will require oil companies to include 2.5 percent of renewables in transportation fuel. It is unclear whether there are sufficient sustainable sources for these renewable feedstocks. The government recognizes the need to prevent the growing demand for biodiesel from increasing the pressure to produce biofuels in an unsustainable manner. A 2007 RIA focused on several alternatives, including the use of waste vegetable oil as a fuel, which would ease demand for virgin vegetable oil. The RIA also identified financial barriers to the commercial conversion of used cooking oil into biodiesel.

Annotation: All RIAs are available online. An example can be found at http://www.dfes.gov.uk/ria/assessmentFiles/riaFile_80.pdf (accessed December 18, 2007).

Societal consultation

*Mobilizing
public support
Score: 6*

The Blair government reformed the policy-making process by making it more collaborative, and by creating partnerships between the government, the private sector and the “third sector” of voluntary bodies and charities. It also institutionalized many formal contacts with several stakeholders by including them as members in government-established committees, circulating government consultative documents, and by consulting a wide variety of groups on the contents of delegated legislation. Consultation is an integral aspect of regulatory impact assessments and the policy –formulation process.

Whereas traditional pressure group politics proved rather effective for a long time – especially with regard to Labour governments and trade unions – this is no longer the case. The growth and increase in numbers of direct action groups demonstrates not only the limits of consultation, but a considerable lack of widespread trust in the effectiveness of established insider groups.

There are too few formal channels through which social partners and NGOs can be engaged. The burden of inclusion is often placed on the organizations themselves, who must prove effective in mobilizing support or lobbying. The Public Administration Committee, which examined innovations in citizen participation in government in 2001, found few examples of listening exercises in central departments and agencies leading to dramatic changes in government policies. And while the consultation process within the RIA scheme was found to be initially successful in gaining legitimacy and support

for new policies, the process grew increasingly problematic as goals were missed and stakeholders became frustrated with government's attempt to maintain meticulous control of the consultation process. In short, neither the traditional route of intermediation nor the government's newly tried paths have been utterly successful in garnering acceptance for its policy projects.

Policy communication

Coherent communication

Score: 9

A meticulously planned, coherent and successful communication policy lay at the heart of the Labour government's strategies under Tony Blair. Throughout his tenure as prime minister, Tony Blair proved to be highly skilled at cultivating a desired image and message, otherwise known as "spin."

Spin doctoring was key to securing the government's role as the "primary definer" of policy issues. The twin goals entailed ensuring consistency in the government's public reasoning and minimizing media profiles of dissenting voices by keeping MPs' public speeches in line with the government's desired message, and by defining what should be reported and how the government was to be presented in the media.

The Strategic Communication Unit in the Prime Minister's Office met every Thursday to coordinate reports to the press and define a weekly news grid in which the ministers' public appearances and the topics they were to discuss were set. No minister was allowed to opt out of an appearance or to make unilateral decisions on issues. To achieve maximum impact, agenda-setting was coordinated with timetables for major cultural or sports events. Political attacks on the opposition were also integrated into the communication strategy. For long-term planning, the weekly communication strategy was brought in line with the prime minister's 12-month calendar schedule. Despite all these efforts at cohesive communication, there were occasional leaks and unattributed briefings, which compromised the government in seeking to speak with one voice.

B Resource efficiency: implementing policies

Legislative efficiency

Veto players

	<i>Total</i>	<i>Share</i>
Bills envisaged in the government's work program	101	
Government-sponsored bills adopted	84	83.17 %

Second chamber vetos	17	20.24 %
Head of state vetos	-	- %
Court vetos	-	- %

Effective implementation

Government efficiency
Score: 9

When it came into power in 1997, the Labour government pledged to cut class sizes in the school system, to organize fast-track punishment for persistent young offenders, to cut National Health Service (NHS) waiting lists, to create new jobs for those under 25, and to not raise income taxes. Measurable progress was made in the health sector (shorter waiting lists, better pay), in education (organizational reforms), in reducing youth unemployment, and in expediting punitive measures for young offenders.

The record for public sector reform was less positive. Although Tony Blair made the continuation of such reforms a priority, his first term proved largely a failure in this respect. His Labour government managed to transform this state of affairs into a successful argument for re-election in 2001. However, by 2005, Labour's continued focus on issues of delivery in the public services seemed repetitive.

The government pursued a two-pronged approach to public service reform by combining market reforms with the massive injection of state money into the system. The market reforms were designed to avoid traditional tax-and-spend policies provoked by higher spending and slow progress in the delivery of public services. The record on public sector reforms is thus mixed.

Ministerial compliance
Score: 9

Although the Blair government failed to implement all of its policy objectives, it did succeed in ensuring ministers' allegiance to the party line and the government's program. The governing party's manifesto is the de facto mandate for and outline of the legislative program. The "Queen's speech," held once a year, then presents the bills government plans to enact in a single annual session of Parliament. Individual ministers are then expected to take the lead in implementing these programs.

Because the prime minister can, at any time, dismiss any member of the government or reshuffle a minister's portfolio, he has the effective power to ensure compliance with the government's program. The removal of a minister is not perceived as a sign of prime ministerial weakness, but rather as a sign of his/her strength. Finally, the Cabinet Office and the Cabinet

*Monitoring line ministries**Score: 9*

committees provide more informal environments in which pressure on dissenting ministers can be applied (see “Inter-ministerial coordination”).

While prime ministerial powers play an important role in keeping departmental ministers in line, the Prime Minister’s Delivery Unit and the Treasury’s scrutiny of ministerial spending also play a considerable part in monitoring line ministries. There are public service agreements between each ministry and the core executive, which effectively amount to binding contracts. For its part, the Treasury conducts a comprehensive spending review, which enhances the core executive’s power to vet not only what ministries do, but also their choices in spending priorities.

Prime Minister Blair sought to enhance the monitoring of progress in the departments by setting specific targets for the quality of public service provision. He also strived to enhance the strategic scope of the Cabinet and the departments by integrating the Prime Minister’s Office with the Cabinet Office.

The doctrine of ministerial responsibility arguably implies that ministries are fairly self-contained units responsible for the details of policy-making. Indeed, neither the Prime Minister’s Office nor the Cabinet Office monitor specific ministerial activities. This should not be misconstrued, however, as a lack of effective delegation. The role of ministers in policy-making is such that ministries can be kept “on message” without being subject to permanent detailed scrutiny.

*Monitoring agencies**Score: 7*

Although the core executive is effective in monitoring ministerial departments, the ministries are not as effective in monitoring executive agencies. The “Next Steps” program has delegated a considerable amount of civil service work to executive agencies that have been removed from direct departmental control in an attempt to improve organizational and managerial flow. Over 75 percent of all civil servants now work in agencies whose introduction followed the logic of separating policy-making from implementation.

This change has weakened the ministries’ ability to monitor implementation. Critics have pointed to several issues, including a persistent lack of clarity in responsibilities, an overabundance of targets, and the fact that they reflect merely an economic logic of performance, or that targeting is inflexible. Finally, performance measurements currently in place make it difficult to monitor progress toward some key goals.

*Task funding**Score: 9*

There are two forms of subnational governments in the United Kingdom: the devolved administrations of the three countries of Wales, Scotland and

Northern Ireland (but not England which does not have a separate administration); and local government throughout the United Kingdom. Local government in the three countries is overseen by the devolved administrations, whereas in England it is overseen by the central government. Public finances in the United Kingdom are highly centralized. Subnational self-government is financed by block grants calculated according to the Barnett formula, which was introduced in 1978. Under the Scotland Act, the Scottish Parliament was also given the power to vary taxes, upwards or downwards, to the equivalent of 3 pence in the pound. This power has so far not been exercised. The grants from central government are supposed to reflect needs at the local level, and they include several elements that are specifically linked to indicators of demand, such as children of school age. Local authorities inevitably complain that central funding is insufficient or does not keep pace with their obligations, but locally provided services are generally sustained.

Currently, subnational self-government is adequately funded. Compared to English regions, however, subnational self-governments have a higher per capita allocation of funds. In Northern Ireland, for example, per capita public spending is 30 percent higher than the UK average. Per capita spending in Wales is 10 percent higher, and it is 18 percent higher in Scotland, where the subnational government used its legislative powers to provide extra benefits in health services and university fees to its population.

*Constitutional
discretion*
Score: 5

Whereas local authorities' autonomy is restricted by the fact that they must meet nationally set service obligations, the devolved administrations outside England have greater autonomy. There have been some highly-publicized examples of these administrations exercising this autonomy by providing different service standards, such as the decision to not impose university fees in Scotland. However, because funding is top-down – from the national to the regional level – in spite of devolution, the degree of autonomy is still narrowed. Under Prime Minister Blair, local authorities were granted more independence while being assigned new tasks. Although they were given the authority to address a wide range of public policy questions, they were also required to cooperate with the central government. It is fair to say that the “new localism” was erratic in its implementation.

Devolution in Scotland and Wales has given both countries distinct and different powers that allow local authorities to periodically enjoy greater independence as their financial strength increases. There have, however, been occasional policy debates in cases where the devolved government took decisions not approved of by the central government.

National standards
Score: 6

Because local discretion is limited, the Cabinet Office oversees the central framework for managing the civil service. The Blair government introduced fundamental reforms in this area by setting positive incentives for local authorities in sectors such as the health services. As a result of such measures, managers of the best-performing NHS Foundation Trusts are no longer subject to Whitehall's strict financial and management oversight.

Audits and inspections have been introduced to monitor the achievement of targets set by the government. However, the sheer number of targets has facilitated both tactical behavior and a culture of finger-pointing in the public sector. At best, this policy has yielded mixed results as the fervor of public sector executives to achieve certain targets has undermined some goals.

In Scotland and Wales, everyday responsibility for a wide range of public sector terms and conditions has been delegated to the Scottish Executive and the National Assembly for Wales. It is therefore difficult to ascertain the degree to which national standards of delivery are met in these two constituent countries. For example, the Scottish Executive is currently engaged in public sector reform for Scotland, which limits the central government's ability to ensure equivalent levels of service delivery throughout the United Kingdom.

Annotation: Christopher Hood, "Gaming in Targetworld: The Targets Approach to Managing British Public Services," in *Public Administration Review*, July/August (2006): 515-521.

C International cooperation: incorporating reform impulses

Domestic adaptability

Domestic adaptability
Score: 6

Although euroskepticism is widespread in the United Kingdom, Britain is nonetheless a key member of the European Union and must adjust its political structures, at least in part, to keep pace with supranational developments. All ministries have therefore adapted their proceedings to the new European context and are active participants in European political discourse. In the early 1990s, Prime Minister Major created the office of a minister for European affairs, and both houses of Parliament established committees to handle EU affairs. Shortly after coming into office, Prime Minister Blair transferred institutional responsibility for European affairs from the Cabinet Office to the Prime Minister's Office, placing EU issues

within his immediate reach and thus lending them greater importance.

Parliamentary procedures were also changed to give Parliament a more prominent voice in the early stages of European policy formulation. There are, however, few clear channels for subnational governments to participate in this process. Subnational governments have been involved in the British delegation to the Committee of Permanent Representatives and the Council of Ministers. In cases in which subnational governments have led the delegation, they speak for the United Kingdom as a whole. The devolved administrations and the UK government signed a Memorandum of Understanding on EU issues and a concordat on competencies. The Scottish Parliament created a European and External Relations Committee.

External adaptability

International coordination activities

Score: 8

While adapting its domestic structures to international developments, the UK government, under Tony Blair's leadership, actively sought to shape such reforms from the start within the European Union itself. More active in this regard than previous British governments, it influenced reform debates on issues such as the EU Constitutional Treaty, the allocation of EU budgetary resources, and the question of Turkey's accession to the European Union. Britain's approach was not, however, as multilateral as several of its European partners had hoped. The British government has participated in initiatives targeting economic development in Africa, and it has played an important role in advancing international environmental reforms, such as the Kyoto Protocol. In terms of international security, Britain's St. Malo initiative to develop the European Security and Defense Policy proved crucial. The government was less visible internationally in reform initiatives concerning human rights and social progress. The OECD, EU Lisbon Strategy and the reform of international financial institutions are other areas in which the UK government is very active.

Exporting reforms

Score: 9

In addition to being an active participant in coordinating international reform activities, Britain can be considered an exporter of reforms. The Lisbon agenda in the European Union and, more generally, the debate on the "third way" demonstrate how the British government has pursued a proactive role in spreading its own reform priorities over the last decade. In contrast, however, the British government has been notably less active with respect to the reform of international organizations such as the United Nations and the European Union, however.

D Institutional learning: structures of self-monitoring and -reform

Organizational reform capacity

Self-monitoring

Score: 5

There is a flip side to the centralization of the British central government and the flexibility with which it has been handled in the last decade: namely, insufficient procedural structure for carrying out reform. Because there is no standard mechanism in place for self-monitoring within the government, reforms are very much ad hoc. Indeed, there is much criticism of the fact that politicians respond to events on a day-to-day basis rather than pursue considered long-term strategies.

Institutional reform

Score: 7

Reforms carried out in the spirit of the new public management philosophy, which strengthened the center of government and gave it greater power to hold accountable those involved with policy delivery, have improved the UK government's strategic capacity considerably. These reforms have also shifted responsibilities from the center to government agencies or other actors. The degree to which devolution has improved the central government's strategic capacity is less clear, as much depends on whether or not conflicts over resources can be resolved.

In addition to centralizing decision-making, the Blair government improved the staffing of most units within the Prime Minister's Office and created two new units, the Strategic Communication Unit and the Research and Intelligence Unit. The Policy Unit was merged with the private office to create a Policy Directorate, and efforts were made to integrate the Prime Minister's Office more closely with the Cabinet Office. The Strategy Unit was established in 2001 to work on more long-term policies, and an Office of Public Service Reform was set up to facilitate public sector reform.

II. Executive accountability

E Citizens: evaluative and participatory competencies

Knowledge of government policy and political attitudes

Policy

There are large disparities among groups in the British population regarding

*knowledge**Score: 6*

their knowledge of politics. Surveys show that one-half to two-thirds of the electorate have at least some interest in politics, and that this level of interest has been consistent over the last three decades. Nonetheless, most adults in the UK – 61 percent – do not feel they know much about politics. Only 14 percent of the population consider themselves politically active.

Most problematic is an utterly disengaged minority who knows little about politics and cares even less: 14 percent of the UK population are “not at all interested” in politics; 17 percent do not want to have a say in how the country is run; and 12 percent would not be willing to do anything to influence or protest against a decision by a local or national government body.

F Parliament: information and control resources**Structures and resources of parliament, committees, parliamentary parties and deputies**

Number of deputies	646
Number of parliamentary committees	46
Average number of committee members	15
Average number of subcommittee members	-
Pro-government committee chairs appointed	25
Deputy expert staff size	3
Total parliamentary group expert support staff	
Total parliamentary expert support staff	220

*Obtaining documents**Score: 9*

Parliamentary committees have the right to request government documents. They generally ask the respective government department and – to test coordination between departments – often the government as a whole to provide a paper addressing a series of written questions. Committees have thus far not encountered major problems in accessing documents needed for their work.

Specific documents deemed sensitive may not be provided in advance, and the opportunity for committees to provide input in drafting legislation is

arguably constrained. On the other hand, bills undergo a committee review, during which an ad hoc committee can negotiate substantial revisions with government managers.

Summoning ministers

Score: 8

Select committees have the power to send for ministers, but the relationship between select committees and the government is not always smooth. Select committees can come up against resistance when they try to question ministers.

Summoning experts

Score: 10

In addition to asking ministers to appear before them, committees can summon expert witnesses. These witnesses usually come willingly to provide evidence. However, should they decline, committees have the power to order a witness to appear.

Task area coincidence

Score: 6

Parliamentary Select Committees are, in principle, departmentally related. Nineteen in total, there is one Parliamentary Select Committee for each government department. Each is tasked with examining “the expenditure, administration and policy of the principal government departments.” However, the party whips and the majority party dominate the Committee of Selection, which is responsible for appointing committee members. Indeed, a committee’ membership reflects the composition of Parliament as a whole, though the governing party is usually dominant in all committees. The independence and monitoring capacity of the committees is thus limited.

Audit office

Score: 10

The National Audit Office (NAO) scrutinizes public spending on behalf of Parliament, and it is completely independent of government. As head of the NAO, the Comptroller and Auditor General is by statute an Officer of the House of Commons. All of NAO’s main work is presented to Parliament by Order of the House of Commons.

The NAO is accountable to the Committee of Public Accounts (PAC), which investigates about 50 NAO reports each year and takes evidence from the Accounting Officers and senior government officials. The Comptroller and Auditor General, or his deputy, attend all of the Committee’s hearings. The PAC then issues its own report, to which the government must traditionally respond within two months. After that, the Comptroller and Auditor General and/or PAC can decide to conduct a follow-up investigation. The NAO also responds to MPs’ queries on issues affecting public spending, which total about 400 a year. It also presents about 60 reports to parliament every year on the value for money regarding government or other public bodies’ spending.

Ombuds office

Score: 7

The post of an ombudsman is attached to the (Westminster) Parliament and there are additional posts at the Scottish Parliament, the Welsh Assembly

and other government institutions. The primary ombudsman, that is, Parliament's ombudsman, the Parliamentary Commissioner for Administration, cannot accept complaints directly from the public. Citizens must first approach their MP, who can then refer cases to the Commissioner. Removed from direct public access, the Commissioner is often viewed as limited in its effective capacity to act as an advocate of citizens' concerns. The Commissioner does, however, proactively investigate problems of maladministration in institutions over which Parliament has some oversight, such as the central government's departments and agencies. These problems include bias, rudeness, an unwillingness to treat a complainant as a person with rights, the refusal to answer reasonable questions and neglecting to inform someone, on request, of his or her rights.

There are several other ombuds offices, including those attached to the Scottish Parliament and the Welsh Assembly. Other ombuds offices in the United Kingdom include Energywatch, the Financial Ombudsman Service, the Health Service Ombudsman, the Housing Ombudsman Service, the Independent Police Complaints Commission, the Local Government Ombudsman, and the Pensions Ombudsman..

Annotation:

Parliamentary and Health Service, Ombudsman, "Role and values statement," http://www.ombudsman.org.uk/about_us/role_purpose.html (accessed January 10, 2008).

G Intermediary organizations: professional and advisory capacities

Media, parties and interest associations

Media reporting

Score: 9

Britain's main television and radio broadcasters, especially the BBC, provide an excellent array of high quality news services. Largely focused on domestic issues, government decisions feature prominently in these programs. Radio 4's "Today" program often sets the agenda for the political day and is indispensable listening for the political class. There are in-depth programs – both on television and radio – covering government policy-making with an often explicitly non-deferential, even confrontational style. However, some broadcasters have moved news programming out of the time slots with the most viewers, when programs are financed commercially. Digital TV channels, including the BBC, have also reduced their information

services.

Fragmentation

Parliamentary election results as of 5/5/2005

<i>Name of party</i>	<i>Acronym</i>	<i>% of votes</i>	<i>% of mandates</i>
Labour Party	LAB	35.2	54.95
Conservative Party	CON	32.4	30.65
Liberal Democrats	LD	22.0	9.61
Democratic Unionist Party	DUP	0.9	1.39
Scottish National Party	SNP	1.5	0.93
Sinn Fein	SF	0.6	0.77
Plaid Cymru	PC	0.6	0.47
Social Democratic and Labour Party	SDLP	0.5	0.47
Ulster Unionist Party	UUP	0.5	0.16
Respect	RES	0.3	0.15
Independent Kidderminster Hospital and Health Concern	IKHH	0.1	0.15
Speaker	Speaker	0.1	0.15
Independent (1)		0.1	0.15
Others		5.2	0

Party competence Score: 9

The major parties have electoral programs which are both coherent and consistent. Parties' social and ideological bases are good predictors of issue salience. All major parties see their manifestos as concrete offers to the electorate – as a contract of sorts. Though fairly strong on problem diagnosis and policy objectives, party programs are often not explicit on policy instruments. They are clear on expected policy impacts, which are, however, not always plausible.

Given that there are only two parties with realistic prospects of running

government, writing plausible manifestos is perhaps easy compared to other countries. Whereas imprecision in a manifesto elsewhere can serve to keep post-election options open, such tactical vagueness is unnecessary in the absence of coalition governments.

*Association
competence*

Score: 8

Interests groups' policy proposals are based on a thorough analysis of existing problems. They are usually moderate in the sense that they try to capture the full picture in terms of a proposal's consequences. Employers' associations argue strongly in favor of furthering the UK's competitiveness. The leading business associations stress the needs of the financial sector and support an open economy. Trade unions have accepted the challenge of globalization and concentrate on conditions at work.

*Association
relevance*

Score: 5

Interest associations have relatively little verifiable impact on government policy. They serve primarily to provide information and critiques of the government's policy proposals. Following the belief that what is good for the British economy is good for the country in general, the government is most receptive to proposals provided by leading business associations and employers' associations. Trade union proposals aimed at strengthening UK competitiveness are likely to attract interest. Religious communities have traditionally not exerted much political influence but the advent of Islamic terrorism has changed the government's receptivity to religious leaders, especially regarding their proposals on how to deal effectively with violence associated with religion.

The government has also recently discovered the importance of environmentalism, welcoming information and reform proposals issued by environmental groups. Finally, the government tends to view social interest groups as providing a service rather than serving as advisors.

This country report is part of the Sustainable Governance Indicators 2009 project, which assesses and compares the reform capacities of the OECD member states.

More on the SGI 2009 at www.sgi-network.org

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