

**SGI** Sustainable  
Governance  
Indicators

## 2014 United Kingdom Report

Andreas Busch, Iain Begg,  
Nils C. Bandelow (Coordinator)



## Executive Summary

Over the last two years, the United Kingdom's main governance challenge has been the management of its recovery from the severe recession of 2009 – the principal policy objective of the coalition government formed in 2010. This has involved striking a balance in macroeconomic policy between fiscal consolidation (thereby mitigating the risk that financial markets push up the financing costs of a rising public debt) and an excessively austere fiscal policy that risks engendering a vicious cycle similar to that experienced in some Southern European countries. Although economic growth has consistently fallen short of government projections – with the result that public finances have not seen anticipated improvements – markets continue to show confidence in the government's policies. Very low interest rates and a large program of quantitative easing (bond purchases) by the Bank of England have helped to counter the negative impulses of the stagnation in the euro zone.

The stability of the banking system has gradually improved as the two large banks that received massive injections of public funding in 2008/9 have shrunk their balance sheets and bolstered their capital, but scandals have continued to crop up. Employment has grown, despite job losses in the public sector – a trend that is seen as something of a puzzle given the lack of GDP growth – but youth unemployment and the worsening working and social conditions of some groups are causes for concern.

Although coalition governments are very rare in British politics, the current government has functioned surprisingly smoothly and, at least in relation to socioeconomic policies, with few major disputes. The constitutional changes envisaged in the coalition agreement, such as plans to reform the House of Lords, rationalize the boundaries for parliamentary seats or introduce a new voting system (the alternative vote) have fared less well and have been abandoned, with some signs that the coalition partners have engaged in tit-for-tat blocking of each other's projects. Nevertheless, the flexibility of UK governance institutions has been demonstrated by the comparative ease with which they have adapted to this novel political context.

Various issues of concern have emerged over the last two years in some aspects of governance, notably around the behavior of the press and the police, and in relation to the quality of health and social care. In the wake of the Leveson Inquiry into phone hacking by journalists, calls for statutory regulation of newspapers have been largely resisted, although a cross-party agreement was reached on establishing a more effective regulatory agency. In various social policy areas, the government has initiated reforms intended to combine better quality public services with cost-cutting. These have inevitably provoked opposition and in some cases reforms have been watered down, partly because of intra-coalition bargaining.

Political dissent has, latterly, crystalized around opposition to the European Union and to immigration, resulting in electoral success for the UK Independence Party, which campaigns on precisely these issues. This is especially difficult for the Conservative Party – the senior coalition partner – because its own center of gravity has become more euroskeptical, forcing the prime minister to walk a tightrope between being seen to do something about the perceived excesses of the European Union while remaining constructive in EU partnerships. A non-binding referendum on Scottish independence has been called for the autumn of 2014, but polling suggests little chance of a “yes” vote.

Overall, the United Kingdom continues to exhibit sustainable governance. The absence of a formal constitution is a defining feature of the United Kingdom. Unlike other countries where such processes are more firmly rooted in the legal framework, there is a degree of informality in many areas of governance in the United Kingdom. In meeting the significant economic and political challenges of the last two years, the flexibility of the UK system of governance has generally been helpful.

## Key Challenges

The two features that have had the greatest economic and political effects on the UK over the last three years have been the struggle to exit from the economic crisis of the last five years and the formation of the coalition government. Although the imbalances in the UK economy are slowly being resolved, there is still some way to go and it remains vulnerable. However, since the spring of 2013, successive economic indicators suggest that the economy could, at last, be witnessing broadly based and more balanced growth. The coalition government has held together as well as could reasonably be expected, but with a general election due in spring 2015, tensions are likely to intensify. Economic recovery has been the defining objective of the coalition and the outcome of the next election will depend largely on how well the coalition partners are judged to have performed in making the economy more sustainable. A large program of quantitative easing by the Bank of England has meant that financing the deficit has not been costly for the government, but low interest rates have had significant distributive effects between savers and borrowers, and one of the uncertainties hanging over the economy is the question of how the quantitative easing program will be wound down.

The problems the economy faces are, however, still formidable. The pace of deficit reduction has been much slower than planned by the chancellor of the exchequer when he launched his medium-term strategy in 2010, as a result of which the United Kingdom still has one of the highest deficits in the OECD area (nearly 7% of GDP for the current fiscal year) and public debt is now expected to reach 100% of GDP by 2015. Although the government has stated that it will continue to protect spending on health, education and overseas development, while also trying to boost infrastructure investment (objectives with broad cross-party support), it is clear that both it and the next government will have to make hard choices about what to cut and how to raise additional revenue, and will need to find resources to invest in growth.

Other challenges facing the UK economy include completing and, above all, implementing reform of financial sector regulation, recalibrating the welfare state, and addressing some of the underlying structural weaknesses in productivity, skills, transport infrastructure and the housing market. Responsibility for prudential supervision of the financial system has been brought back into the Bank of England which has, in addition, just seen a

change of governor. Banks are being urged simultaneously to lend more and to shore up their capital base, which many have been doing by increasing intermediation margins. However, lending to SMEs in particular is still slow. For the welfare state, major issues include whether and at what level to cap household benefits and whether all the benefits currently given to all pensioners can be maintained in the face of rising welfare costs.

Despite the breadth of the reform agenda, the sustainability of governance in the United Kingdom is not in doubt. However, there are various political uncertainties. Based on current opinion trends, the next general election could result in either a further coalition or an outright win for the center left or the center right. Britain has long had a substantial global role, but finds itself at something of a crossroads. Close links with the United States are always valued and the proposed transatlantic trade and investment partnership would chime with British preferences, but British links with emerging market economies need more attention. Although not seen as one of the most salient policy issues in British politics, the question of Britain's EU membership will be prominent over the next few years. The prime minister has promised an in/out referendum in 2017, following some renegotiation. There is a groundswell of opposition to the EU, offset by repeated exhortations from key trading partners to the United Kingdom (including the United States and Japan) not to leave, but important domestic stakeholders like employers have been regrettably slow to express a clear view.

# Policy Performance

## I. Economic Policies

### Economy

Economic Policy  
Score: 7

The UK economic framework was substantially reformed after 1979 in a market friendly direction and most of these reforms were maintained after the election of the Labour government in 1997, albeit with some rebalancing towards labor interests – notably through the introduction of a minimum wage. The UK economy grew steadily from the early 1990s up to 2007, but hindsight suggests that the underlying economic model depended too much on consumer demand and on an increasingly risk-prone financial sector. An independent central bank and a golden rule for public finances were supposed to establish macroeconomic stability, but proved to be too easy for the government to manipulate. The resulting high degree of deindustrialization and low level of manufacturing output led to a strong emphasis on the financial sector which contributed substantially both to government revenues, employment, and the country's balance of payments.

Because of the financial sector's increased share in the economy, the United Kingdom was badly hit by the financial crisis that began in 2007 and has since been struggling to deal with the aftermath. Taxes on the banking and consumer sectors fell, public expenditure rose and public finances also had to support vulnerable banks.

The change in government in 2010 led to the adoption of an economic policy framework ostensibly focused on budgetary consolidation, but in reality the squeeze on public spending has been less than is often claimed because the government chose to exempt key areas such as health spending. The corollary, especially as the government debt rose, adding to debt service charges, was that cuts in other areas of public spending had to be very deep, and were therefore politically highly contested. The government has so far refused all calls to

adjust its strategy, even though the outcomes both in terms of growth, unemployment and budgetary consolidation have not been in line with its expectations – an outcome it blames on headwinds from the euro crisis.

### **Labor Markets**

Labor Market Policy  
Score: 7

After a period of remarkably good and stable labor market performance in which the rate of unemployment was below that of the euro zone and even that of the OECD average, conditions in the United Kingdom have deteriorated in the wake of the 2008 crisis and the ensuing economic downturn. Underlying weaknesses (such as the comparatively high degree of working age inactivity linked to the high number of claimants of disability-related benefits) have come to the fore, and the unemployment rate has risen to its highest rate since the mid-1990s. While employment has slowly been increasing since late 2011, unemployment shows no signs of receding to pre-crisis levels, yet many commentators have been puzzled by the fact that the rise in unemployment has been less dramatic than might have been expected given the severity of the downturn. Particularly worrying is the rate of youth unemployment, which has hit 20%.

Attempts at increasing labor market flexibility through deregulation and the lowering of secondary wage costs have showed little effect so far. However, while the UK labor market may be in worse shape than it was a decade ago, it still shows better performance indicators than those of many European countries.

### **Taxes**

Tax Policy  
Score: 6

The United Kingdom has a progressive income tax system and a balance between direct and indirect taxation that is regarded as reasonably fair from the perspective of horizontal equity. The system is, however, criticized for its complexity. In relation to vertical equity, there are too many opportunities for tax avoidance, bordering on evasion for the rich.

The financial crisis and the ensuing economic downturn have cut revenues sharply, so that sufficiency is currently in doubt, but the tax system should be expected to perform quite well when recovery takes hold.

Citation:  
World Economic Forum 2012: The Global Competitiveness Report 2012-2013.

## Budgets

Budgetary Policy  
Score: 6

The United Kingdom is a highly centralized state which puts the government in a powerful position to exert control over budgetary policy. Most spending is directly or indirectly controlled from Whitehall, and there are few other influences compared to, for example, federal countries. This also means, however, that the central government has to shoulder the blame if things go wrong.

During most of the New Labour government, the “golden rule” was the guiding of UK fiscal policy, limiting deficit spending to investment over the business cycle. However, public spending was rising as a proportion of GDP during the 2000s, and can now be judged to have been too pro-cyclical. In 2009, adherence to fiscal rules was abandoned to cope with the consequences of the crisis. In 2010, the new coalition government implemented a strict fiscal austerity program to focus on consolidation instead of boosting the economy. It also created the Office for Budget Responsibility (OBR) to assess fiscal policy independently.

Although the budget deficit is declining, fiscal consolidation is happening more slowly than the government planned and, in the meantime, public debt has soared. However, markets have been kind to the United Kingdom, with low financing costs (helped by very loose monetary policy) and this can, within reason, be interpreted to mean that the public finances are sustainable.

## Research and Innovation

R&I Policy  
Score: 8

The United Kingdom’s tradition of being active player in research and innovation dates back to the Industrial Revolution. The country’s clusters of pre-eminent universities have for a long time played an important role in linking cutting-edge academic research with industries such as biotechnology or IT. Performance has been weaker in terms of overall R&D spending, and in converting innovation into products and sustainable, larger-scale production that is profitable in the long run. However, it is important to emphasize that the UK economy does not have the industrial base to support a large-scale R&D effort, so it is necessary to look at other indicators such as information and communication technology (ICT) spending (which matters more for service industries), to capture a truer picture of innovation effort.



Over the decades, attempts have been made by various governments to improve that situation, linking it to weaknesses in technical education on various levels. Recent government initiatives have focused on extending tax credits for R&D, setting up regional Technology and Innovation Centres (TICs), and investing in digital infrastructure and new university research facilities. There is also a current debate about the degree to which the United Kingdom should seek to attract highly skilled immigrants, which has been muddled by a broader attempt to curb immigration that is having some effect on the willingness of foreign students to come to the United Kingdom.

While the optimism expressed in the “Innovation and Research Strategy” and the sums involved are considerable, a long-term perspective advises some caution, for similar spurts have been undertaken from time to time, dating back to the Wilson government of the 1960s. Opinions vary as to why past efforts failed. Only in the medium term will the success of this new initiative be discernible.

### Global Financial System

Stabilizing Global  
Financial Markets  
Score: 7

The City of London is home to one of the world’s main financial hubs and host to some of its biggest financial markets. The United Kingdom was therefore particularly affected by the downturn in financial market activity after 2008. The relatively light regulation of the City prior to 2007 can also be seen as a contributing factor to the volatility in financial markets and a consensus emerged that rules on capital adequacy needed to be more robust. The evident economic and societal costs of the crisis have fuelled the debate in Britain about regulation of the financial sector and whether the country should try to become less reliant on financial markets. But governments in the United Kingdom have traditionally tried to protect the interests of the City against more intrusive regulation, be it national, European or worldwide, often arguing that the special characteristics of London as a financial center are not given sufficient attention by Brussels in particular. The Libor scandal of 2012 over the fixing of market interest rates has both contributed to the loss of public appreciation for the financial sector and the feeling that new regulation is called for.

The Financial Services Act 2012 overhauled a UK system of financial regulation dating back to the late 1990s. The Financial Services Authority (FSA) established in 1997 was split into the Prudential Regulation Authority (PRA) and the Financial Conduct Authority (FCA). The Financial Policy Committee, which is part of the Bank of England, oversees both. A report by a

parliamentary banking commission and other initiatives show that the reshaping of the financial sector is still a work in progress.

At international level, the British government has been part of attempts to improve the international regulatory framework. In spite of the early pronouncements, however, very little substantial change has been forthcoming in terms of supranationalization of financial regulation. The British government has not been associated with specific initiatives towards more international or supranational regulatory authority in this field and has thus acted in line with tradition and the interests of the City of London. It has, however, been active in various international fora in pressing for improved regulation of finance.

## II. Social Policies

### Education

Education Policy  
Score: 7

The coalition has continued to pursue the marketization started by its New Labour predecessors in education. It has liberalized the school sector to enable non-governmental organizations such as foundations, businesses, parent-and-teacher corporations etc., to found their own schools. This has been contentious within the coalition, however. The core approach of education policy is to improve performance by boosting inter-school competition, mainly through performance tables administered by the regulator Ofsted. Programs like the Pupil Premium are designed to encourage good schools to accept disadvantaged children and thus improve education while strengthening social cohesion. However, the socioeconomic composition of many of the country's schools still poses a significant challenge for disadvantaged students and those with an immigrant background. Cuts in the education budget (by 5.7% in 2012) and re-allocations have further added to the problems of the sector.

The United Kingdom – more accurately England, as Scotland, Wales and Northern Ireland have different systems – still has a pronounced divide between those who opt for private education (confusingly, known as public school) and those who go through the state system. There is a concern about pupils leaving school with no qualifications, and occasional alarms about certain segments of the youth population doing significantly worse than others. Exam results for late secondary pupils have been improving, but there has been an accusation that marking standards have slipped, leading the current

education minister to push for tougher, more discriminating standards. Other debates concern the exercise of control by local authorities over the school system, with some attempt to weaken it, as mentioned above.

In the higher education sector, the drastic increase of tuition fees (from £3,300 to between £6,000 and £9,000 per annum) has been highly contentious. The effect on student enrolment cannot yet be assessed, although previous steps to push more of the costs of higher education from the general taxpayer to the student do not appear to have inhibited access for students from poorer backgrounds.

Citation:

WEF ranks quality of UK education system as 27th in Global Competitiveness Report 2012/13 (CH 1st, GER 20th, USA 28th, F 41st).

## Social Inclusion

Social Inclusion  
Policy  
Score: 7

The overriding aim of the post-1997 New Labour governments was to combat the high degree of inequality that had developed in the United Kingdom during the 1980s and early 1990s. A number of policy initiatives were employed, ranging from tax policy to reforms of the benefit system and initiatives in the education system.

Social inclusion has also been a core aim of the coalition government's policy under the rubric of the "Big Society," a policy orientation that has proved too vague to have much impact. Austerity program cuts in housing and child benefits counteracted that goal. The bottom decile suffered a 12% loss in their income over the last decade, and the Gini Coefficient is currently at its highest in the last 20 years. Recent government programs such as Youth Contract have particularly focused on the problem area of youth unemployment.

Although income inequality has increased during the economic downturn, social exclusion has been more complex. There is an undoubted problem of youths "not in education, employment or training" (NEETs), but the United Kingdom has a relatively good record in promoting the inclusion of disadvantaged groups or ethnic minorities, and also has a relatively good record on gender equality. While there are reservations about multiculturalism and anti-immigrant pressures, immigrants do tend to be socially more integrated than in many other countries. The approval of same-sex marriage was recently made law.

## Health

Health Policy  
Score: 8

The National Health Service (NHS) remains a cornerstone of the United Kingdom's universal welfare state under the coalition government. However, its reform with a goal of decentralization to Clinical Commission Groups has been a contentious policy and has affected all 8,000 general practices in England. Most health care provided by the NHS is free at the point of delivery, although there are charges for prescriptions and for dental treatment (with significant exceptions, e.g., no charges for prescriptions for pensioners). There is a limited private health care system.

While patient convenience may not be a central focus of NHS provision, attempts have been made to improve local healthcare by creating Health and Well-Being Boards to bring together representatives from all social services as well as elected representatives. The NHS' quality as measured by the HDI health index is very high (0.951).

As a universal service, the NHS scores very highly in terms of inclusion. The Health and Social Act 2012 now also allows patients to choose a general practitioner without geographical restrictions.

The NHS budget was ring-fenced in the coalition's budget cuts. However, due to faster rising inflation within the NHS, a spending squeeze took place. Given that the United Kingdom spent some 8.1% of GDP on health, it must be considered highly cost-efficient given outcome indicators. Some recent incidents (including underperforming hospitals) have provoked a debate about quality that is likely to lead to managerial reform. There has also been concern about rapidly rising demand for accident and emergency services, a change that has yet to be fully explained, although there is concern that the balance between primary care by general practitioners and secondary care in hospitals is becoming inappropriate.

## Families

Family Policy  
Score: 8

The New Labour governments had a core goal of improving women's opportunities to combine parenting with participation in the labor market. The provision of childcare facilities and the extension of maternity leave in addition to the introduction of paternity leave have all contributed. While this was also an important goal for the Liberal Democrats, Conservatives have only recently adopted gender and women's rights issues to attract female voters. The

coalition has largely continued along the lines of Labour government policies with additions like, for example, calls for companies to increase the number of women on their boards and the threat of quotas. The government has also pushed for more flexibility in work time. Over the last 15 years the gap in unemployment rates for women with and without children has consequently narrowed from 5.8 percentage points to just 0.8 percentage points in 2010.

Cuts in welfare spending associated with the central policy of reducing the budget deficit, however, have negatively affected some core measures, such as tax credits and welfare benefits on which women rely more than men. In particular, single mothers who statistically rely most often on social benefits have seen their situation worsened by these developments.

### Pensions

Pension Policy  
Score: 8

The United Kingdom struggles with a comparatively high degree of poverty among the elderly. While the respective rate has been significantly reduced over the last 15 to 20 years, 14% to 16% of UK pensioners were considered to be at risk of poverty in 2010. This demographic trend threatens to worsen in the future, unless policy action to the contrary is taken soon.

The overall figures cover huge inequalities within the group of pensioners, however. Lifelong housewives, for example, fare much worse than those who have the benefit of adding occupational or private pensions to their income from the state pension system. On average, children are at a much higher risk of poverty than pensioners, whose share among the poor continues to shrink. But at the same time, they constitute the largest group just above the poverty line, indicating a very tight but sufficient pension policy. Most pensioners are, however, on reasonably comfortable incomes and, if anything, recent debate has been about cutting some of the fringe benefits of better-off pensioners (such as free bus travel). So far, the government has been unwilling to tackle this issue and has committed itself to maintaining pensioner benefits.

The United Kingdom has a three pillar system in which the second (employer) is the mainstay of the pension system. Private pension system funds were hardest hit by the financial crisis and some need capital injections from employers, but this has not had a big effect on the incomes of those already retired. In addition, young men who were among the long-term unemployed during the 1980s now find themselves reflected in the pension system. New entrants into private pension schemes are being offered less attractive terms than their predecessors. The Pensions Act 2010 raised the state pension age to

66 (from 65 for men and 60 for women). Coalition reforms have shifted pressure from pension funds to individual pensioners and are thus likely to change living conditions for British pensioners substantially in the years to come. However, compared with many other countries, the UK pension system is fiscally sustainable.

### Integration

Integration Policy  
Score: 7

Due to the country's colonial history, the United Kingdom has a large share of ethnic minorities (approximately 14% of the population), and integration has long been an important area of British policy. But while the Human Rights Act 1998 and the Race Relations (Amendment) Act 2000 imposed the general duty to promote race equality on all public authorities, the United Kingdom has not developed a formal integration program. The focus has been more on the protection of minorities than on the integration of migrants, but that is because the United Kingdom has a preference for multiculturalism. There are both regional and ethnic differences in integration, with some cities and smaller towns having concentrations of populations of distinct ethnic groups, and tensions over access to public housing and public services in localities where recent immigrants have concentrated.

The Equality Act 2006 merged three existing bodies (including the Commission for Racial Equality) into a new Equality and Human Rights Commission (EHRC) – an umbrella organization in which ethnicity is only one of several dimensions in which it attempts to enforce integration and equality. In recent years, attempts to create a national narrative around “Britishness” were aimed at changing from an ethnocentric concept of citizenship to a more civic one. There have also been high-profile cases in which leading footballers have been publicly condemned for (mild) racist abuse of opponents.

Attempts to increase diversity representation in Parliament have been made by both major parties, and as a consequence, public life now better reflects society than it did up to two decades ago. But there is still a tension linked to the terrorist bombings of 7/7, and the economic downturn in recent years has increased hostility towards immigration, a trend which has been fuelled by the rise of an anti-EU and anti-immigrant political party (UKIP). Still, 600,000 immigrants arrived in the United Kingdom in 2012 and, compared with many other EU countries, the United Kingdom has been relatively welcoming to immigrants.

### Safe Living

Safe Living  
Conditions  
Score: 8

Objectively speaking, citizens of the United Kingdom have enjoyed improved security over the last 15 years as the crime rate has dropped significantly and consistently (although it continues to be relatively high in absolute terms when compared to other OECD countries).

This is not reflected, however, in increased subjective perception of security, since British citizens (probably influenced by media reporting) perceive crime to be on the rise. The issue thus remains in the public spotlight, and cuts in the budgets of the Home Office and the Ministry of Justice – in line with overall budget cuts to fight the deficit – have therefore been politically contentious. The most recent figures do, nevertheless, suggest a further fall in crime, although questions have been raised about whether “new” crimes like cyber crime are being adequately recorded. Moreover, even in higher crime areas, there are few signs that citizens consider they are unsafe.

The coalition government abolished some of the harsh counter-terrorism laws introduced by earlier Labour governments in an attempt to correct the balance in favor of civil rights. A new National Crime Agency will start work in the autumn of 2013 as a central body for crime fighting. Certain high-profile revelations of police malpractice, including the recently exposed falsification of records in the Hillsborough football disaster of 1989, have led to disquiet about police behavior, but have not conspicuously undermined confidence.

### Global Inequalities

Global Social Policy  
Score: 9

The coalition government, unlike earlier Conservative-led governments, is strongly committed to development aid. The government sees this as linking humanitarian efforts to its anti-terrorism agenda. As a consequence, the government has maintained the high levels of spending introduced by the previous Labour government, and it has even ring-fenced the development aid budget in its spending cuts – a move which met substantial opposition in public opinion. Both measured against United Nations’ targets and against international reality, the United Kingdom’s public aid spending must be considered generous. The country has continued to champion the development agenda at G8 and G20 meetings.

Development assistance spending is coordinated by the Department for

International Development, whose work is scrutinized by the newly created Independent Commission for Aid Impact.

In general, the United Kingdom is a proponent of open markets and fair access for developing countries, although an attempt in the late 1990s to espouse an ethical trade policy was subsequently quietly dropped.

### III. Environmental Policies

#### Environment

Environmental  
Policy  
Score: 8

Environmental policy is close to the heart of both partners in the coalition government, and the government promised a wide range of action to protect and preserve the sustainability of natural resources and the quality of the environment. It set itself the goal of becoming “the greenest government ever.”

In many areas, the new government could build on the previous government’s initiatives – for example, in introducing market-based mechanisms to environmental policy – but also on a planning system that had endeavored to preserve and protect “green belts” around major conurbations. Plans by the Labour government to build “eco towns” as new models for sustainable living (with low carbon emissions, renewable energy, expansive green space, high recycling rates etc.), however, were scaled back substantially in spending cuts.

Much environmental policy is determined by the European Union (e.g., the Water Framework Directive or the Biodiversity Agenda) beyond which there is little space for nationally specific initiatives.

#### Global Environmental Protection

Global  
Environmental  
Policy  
Score: 7

In past decades, the United Kingdom has resisted plans to extend environmental protection regimes at European level. This resulted from its industrial interests, the country’s strong reliance on fossil fuels, and a geographic location that largely insulated it from the adverse effects of toxic emissions and acid rain. In the 1990s, beginning with the Major government, there was a policy shift, and the United Kingdom became one of the foremost nations pushing for environmental protection standards in the European Union. The country ratified the Kyoto Protocol, but it was skeptical about the



promotion of any global environmental protection regimes, even if they were consistent with nationally pursued policies.

The present Conservative/Liberal Democrat government continues to verbally support climate protection policies. Prime Minister Cameron undertook a much-publicized trip to the Arctic Circle to signal his concern about global warming, and has continued the broadly supportive approach to EU energy initiated by the Labour government. Nationally, it has continued to pursue the Labour government's targets for cutting carbon emissions by a third by 2020.

# Quality of Democracy

## Electoral Processes

Candidacy  
Procedures  
Score: 9

In the United Kingdom, procedures for registering candidates and parties can generally be considered fair and without regulatory discrimination. The process of registration is uncomplicated, and the information required is offered by the state and easily accessible. No restrictions or regulations exist on party programs, but there are regulations limiting the choice of party name, which must not be obscene, offensive or misleading. The party emblem should also avoid these qualities. Registration as a candidate requires a deposit of £500 and the support of at least 10 voters. Support from a party is not necessary, as candidates can run as independents, and many candidates do take advantage of this provision. Very occasionally, a candidate standing on a single issue achieves election, even in national elections.

Members of certain groups are not allowed to stand for election – namely those in the police, the armed forces, civil servants, judges, and hereditary members of the House of Lords who retain a seat there. While this may be considered reasonably necessary in a democracy (although no such restrictions are in place in many similar democracies), it seems harder to justify the exclusion of people who have undergone bankruptcy or debt relief restriction orders because this is tantamount to a second punishment for financial mismanagement and thus discriminating against them.

Media Access  
Score: 7

The media plays a central role in political campaigning, and the importance of coverage has further increased in recent years through the rise of social media and the Internet. Television remains the most important medium for campaigning in general elections. Paid TV advertising is prohibited for political parties, who can only advertise in newspapers. However, major parties are granted a certain amount of free time for TV advertising, a concession that is not available to minor parties and which could be construed as a deterrent to them. Coverage on television is fair and balanced, and policed by Ofcom, the industry regulator. Broadcasters are required to be balanced in their coverage of parties, especially at election time. No such restrictions exist for the print industry, and indeed there is strong tradition of partiality, especially by some newspaper groups that are prominent in national political life.

Voting and  
Registrations Rights  
Score: 9

In UK general elections, British, Irish and qualifying citizens of Commonwealth countries can vote. Entitlement to vote thus extends beyond British citizenship. However, the aforementioned nationalities can vote only if they have leave to remain in the United Kingdom.

In order to be entitled to vote, voters must be on the electoral register which is kept by local authorities and updated yearly. The Electoral Registration and Administration Act 2013 has also introduced individual electoral registration which is intended to improve the security of the registration process. Registration statistics show strong regional and social discrepancies.

A restriction on the right to vote in national elections applies only in three cases, namely criminal imprisonment, mental disability, and membership either of the House of Lords or the Royal family.

Party Financing  
Score: 6

The Electoral Commission oversees all political financing in the United Kingdom. The commission is an independent institution set up by Parliament, which publishes all its findings online to make them easily accessible. Although all donations above a certain threshold must be reported to the commission, the fact that political parties are largely dependent on donations for their ever-increasing spending on national campaigns has repeatedly led to scandals such as the “cash for access scandal” in 2010 when access to the prime minister was sold for a party donation. There have also been highly publicized cases where individual donors have been rewarded by being granted honors, and changes have been made in the rules to prevent donations from individuals not resident in the United Kingdom. Although these cases have generated considerable media interest, there is not much evidence that donations have influenced policy.

In 2011, the Committee on Standards in Public Life published a report recommending a cap of £10,000 on donations from individuals or organizations.

Contributions from party members or local associations (through local fundraising) are relatively minor – though still useful to parties – compared to the amount parties receive from institutional sponsors (trade unions in the case of the Labour Party, business associations in the case of the Conservative Party) and individual donors. There is also some state financing of parties (known as “Short Money” after the politician who initiated it in the 1970s). The Conservative/Liberal Democrat government is committed to reforming party financing, but there has been no substantial progress on this issue.

Popular Decision-Making  
Score: 2

While the instrument of referendum has seen much public debate in recent years (especially over the issue of European integration, but also on electoral reform), the legal foundations for calling a referendum and binding the government to its outcome must be considered weak. At the national level a referendum can only be initiated by the government, and its result is not legally binding, although it will usually exert strong political pressure. As a tool for citizens to impose their will on the government of the day, let alone in perpetuity, the referendum situation in the United Kingdom must be considered very weak. Two recent examples are the resounding vote against changing the voting system for House of Commons elections, which effectively killed the proposal, and the forthcoming vote on independence for Scotland which, while formally only consultative, would be very hard to ignore in the unlikely event that it produces a “yes” result.

#### **Access to Information**

Media Freedom  
Score: 7

In the United Kingdom, television channels both in the public and the private sector are required by law to be politically neutral, and this is overseen by the regulator Ofcom. No such requirement exists for print media. The BBC, the country’s only public service broadcaster, is financed by a television license which is effectively a poll tax. It is overseen by a board of governors and enjoys almost complete political independence. However, recent scandals may have weakened the BBC’s standing, although there is as yet little evidence of that in its behavior, and it remains the case that TV and radio journalists often subject government and opposition politicians to very tough interviews. Politicians of all persuasions frequently accuse the BBC of bias – arguably highlighting the fact that it is outside political control.

A number of events and scandals in recent years have pointed to overly strong bonds between the political establishment and Westminster lobby journalists, which may have had negative effects on the quality of reporting. The aftermath of the News of the World scandal in 2011 (i.e., the Leveson Inquiry, which published its report and recommendations in spring 2013) demonstrated the existence of overly close relations between politicians and the press. As a result, the abolition of the Press Complaints Commission in favor of a new independent body has been recommended, but is being fiercely resisted by the press.

Media Pluralism  
Score: 7

The strong concentration of newspaper ownership has long been a feature of the United Kingdom’s media market, and that continues to be the case. The BBC as a public service broadcaster has a dominant position, especially on

both broadcast and online news. Powerful individual owners such as Rupert Murdoch (News Corporation) have a long tradition in the country's history, dating back to the 19th century. This coexists with a lively regional newspaper scene which has, however, little influence in terms of national opinion.

The electronic media and television market, in contrast, is much more balanced and also required by regulation to be politically neutral.

The support of the Murdoch media empire has been considered politically crucial over the last two decades. The firm has been very influential particularly in terms of the country's position towards European integration. Following the News of the World scandal and the enquiry into corporate standards at News Corporation, Murdoch's influence may have been weakened, but that of the Daily Mail Group remains strong. In addition, the Leveson Inquiry has demanded higher diversity in ownership and tighter regulation on media mergers, both of which (if enacted) could also work towards more diversity of opinion. The press, collectively, has strongly opposed attempts to circumscribe freedom of opinion and the matter remains unresolved.

Access to  
Government  
Information  
Score: 8

The United Kingdom has a long tradition of official secrecy. However, in recent years successive governments have very actively tried to capitalize on the transparency and savings potential of making government information available online. Together with the Freedom of Information Act 2005, this has contributed to easier access for citizens and, often in a very high-profile way, the media. The United Kingdom has also been at the forefront of making government data available for commercial use and citizen inspection ("open data"). The restrictions on what information can be provided under the Freedom of Information Act (cost limits; national security restrictions; state financial interests) are largely in line with the respective regulations in other countries.

### **Civil Rights and Political Liberties**

Civil Rights  
Score: 7

In the United Kingdom, civil liberties have long been protected despite the absence of a written constitution and an accompanying bill of rights. The country thus shows that effective protection is possible if support for civil rights is firmly rooted in society and therefore is expected of the government of the day. However, UK citizens have been afforded additional rights of protection from the European Court of Human Rights (ECHR).

Events of the last decade such as the terrorist attacks have also demonstrated that the balance between state interests and individual rights can be more easily

tilted if there are no institutional protections at hand. Various anti-terrorism acts (2000; 2001; 2005; 2006; 2008) have given the British state more and harsher instruments to fight terrorism. For most citizens, these anti-terrorist measures are not an issue, but for the very small minority that they affect, they can be a source of dismay. In the recent high-profile case of Abu Qatada, a Jordanian preacher accused of fomenting Islamic terrorism, the United Kingdom has been very meticulous in respecting due process. The case has now dragged on for several years and been to and from the ECHR. While courts and public pressure have from time to time succeeded in stopping practices like the indefinite detention of non-nationals, the state has usually succeeded in reintroducing them after some time under a different name, for example when replacing “control orders” with “terrorism prevention and investigation measures.” However, it does so under quite intense media scrutiny. The tendency to react harshly in cases where it is considered politically important to do so has been criticized, for example by UNICEF after the 2011 riots when the jailing of minors was considered a breach of the U.N. Convention on the Rights of the Child.

Political Liberties  
Score: 8

Without a written constitution and the protection it affords, citizens of the United Kingdom have no fundamental rights in the sense of enjoying special protection against the powers of the executive and Parliament. Citizens’ rights in the United Kingdom can thus be said to be residual and negative in nature: citizens can do anything not expressly prohibited by law, but there are no positive rights to assert against the government unless the government concedes them. In practice, UK citizens enjoy considerable freedoms, although the police have recently acquired powers to constrain protests. Even so, demonstrations do take place.

Since disputes about political liberties always arise over contested issues, this means that UK citizens have little recourse within the political system, especially when compared to continental European political systems. The Human Rights Act of 1998 (HRA) represented an attempt to create a “higher law” to which all other laws must conform. It offers individual and minority rights, and empowers judges to hold the executive to account and review acts of Parliament. But its effectiveness is constrained by the fact that the government can temporarily annul the HRA if it considers this necessary for the benefit of the country, and it remains contested, especially in the context of the United Kingdom’s continued commitment to European integration.

Non-discrimination  
Score: 8

Over the last 15 years, measures to combat discrimination have entered the political agenda and the statute books. Starting with the Race Relations Act 2000, all public authorities have been obliged to promote race equality and tackle discrimination. In 2006, this was extended to cover gender and disability

discrimination as well. The Equality Act 2010 has added further areas, such as age, gender identity, pregnancy and maternity, and religion or belief to that list. Political pressure is being exerted to extend that list further by adding “caste” in order to fight discrimination still common in the Asian community. The legal framework is therefore very robust in countering discrimination and has had a significant impact on social attitudes.

But while the state has made a serious attempt to end discrimination and abolish inequalities by reacting to a number of scandals in, for example, the police force with its alleged “institutionalized racism,” negative attitudes towards minorities still surface occasionally. Relatively minor incidents on the football field become headline news and the mainstream view is very strongly anti-discriminatory, to the extent that even populist political parties appealing to indigenous groups have to be very careful to avoid any hint of overt racism or other forms of discrimination. Economic difficulties and rising unemployment have contributed to concerns about the impact of immigration, on which right-wing political forces and the right-wing press try to capitalize. In the aftermath of the 2011 London riots, racial and social prejudices have been on the rise again. There is still a massive imbalance in the national DNA database (40% of the black male population is registered, but only 13% of Asian males and 9% of Caucasian males), and anti-terrorism laws enforce racial profiling.

### **Rule of Law**

Legal Certainty  
Score: 9

In the United Kingdom, government and administration act predictably and in line with legal provisions. This is facilitated by the fact that the government has a large degree of control over the legislative process and therefore finds it easy to alter provisions if they constitute a hindrance to government policy objectives. Media and other checks on executive action deter any deviation.

Judicial Review  
Score: 8

The United Kingdom has no written constitution and no constitutional court and therefore no judicial review which is comparable to that in the United States or many European countries. While courts have no power to declare parliamentary legislation unconstitutional, they scrutinize executive action to prevent public authorities from acting beyond their powers. The United Kingdom has a sophisticated and well-developed legal system which is highly regarded internationally and based on the regulated appointment of judges. Judicial oversight is in addition provided by the European Court of Human Rights, to which UK citizens can take recourse.

Appointment of  
Justices  
Score: 7

In recent years, courts have strengthened their position in the political system; in cases of public concern about government action, public enquiries have often been held, but the implementation of their recommendations is ultimately decided by government, as the public lacks legal or judicial power.

The judicial appointments system reflects the informality of the constitution, but it has undergone substantial changes in recent years, which formalize a cooperative process without a majority requirement. Since the Constitutional Reform Act 2005, the powers of the lord chancellor have been divided up, and the Supreme Court of the United Kingdom has been established. The latter replaces the Appellate Committee of the House of Lords and relieves the second chamber of its judiciary role. The 12 judges are appointed by the queen upon recommendation by the prime minister who in turn acts on advice from the lord chancellor in cooperation with the selection commission. It would, nevertheless, be a surprise if the prime minister overrode the recommendations. The queen's role is purely formal rubber-stamping and she is bound to impartiality, whereas the lord chancellor has a highly influential role in consultation with the legal profession.

Corruption  
Prevention  
Score: 7

There is no empirical basis on which to assess the actual independence of appointments, but there is every reason to believe that the appointment process will confirm the independence of the judiciary.

The United Kingdom is comparatively free of explicit corruption like bribery or fraud, and there is little evidence that explicit corruption influences decision-making at national level. Occasional episodes arise of limited and small-scale corruption at local level, usually around property development. The delinquents of recent scandals in UK politics mostly acted within the law; however, these scandals point to a continuing gap between politicians' attitudes and the public's expectations. Regulations against corruption have already been formalized to strengthen them, with the 2004 Corruption Bill consolidating and updating regulations into one law.

The MPs' expenses scandal of 2009 has provoked a call for more transparency in this field, but is an example of an informal "British" approach to the political problem of not wanting to raise MPs' salaries. Instead, there was a tacit understanding that they could claim generous expenses. The rules were tightened very substantially in the wake of the scandal. It has become evident that traditional values and ethics are no longer sufficient and that positive regulation is required. The News of the World scandal as well as the resignation of Defence Secretary Liam Fox have been recent indications of the necessity of further action in this field. Codes of practice are being revised, and the "independent adviser on ministers' interests" has recommended a new and



independent office to control public officeholders' possible conflicts of interest.

At a more subtle level, influence based on connections and friendships can occur, but rarely with direct financial implications.

# Governance

## I. Executive Capacity

### Strategic Capacity

Strategic Planning  
Score: 7

Although the United Kingdom has one of the most centralized political systems and long-established liberal democracies in the world, the resources directly available to the prime minister are not very developed. Contrary to many comparable countries and their core executives, there is no prime ministerial department to provide strategic planning or advice. However, the Cabinet Office provides an important coordinating role across government and its head, the cabinet secretary, attends cabinet meetings. The role previously also included heading the civil service, but the job was split early in the current government, enabling the cabinet secretary to concentrate more on strategy. The Number 10 Policy Unit – which has existed under various names since the mid-1970s – was dissolved by the coalition government in an attempt to signal a change from the New Labour governments, as they were characterized by a large number of special advisers whose much-debated authority to issue orders to civil servants had been politically contentious.

In its place, a new Policy and Implementation Unit was set up in 2011, manned exclusively by 10 senior civil servants who can also draw on the services of a Research and Analytics Unit. The strategic capacity of the new unit is unlikely to surpass that of its predecessors, which were themselves considered modest compared to those of other countries. A further complication has arisen through the demands of coalition government. The prime minister already has to consult with the deputy prime minister, and the need for compromise requires close contact with the respective parties. This is likely to further reduce the impact strategic planning units have on eventual decision-making.

Scholarly Advice  
Score: 7

Non-governmental academic experts played an important role in conducting independent reviews of central government policy or strategy during the post-1997 Labour governments. They have worked on the economics of climate

change (Sir Nicholas Stern), the future of the pension system (Lord Turner), a review of health trends (Sir Derek Wanless) and fuel poverty (Sir John Hills). Established academics have also served in decision-making bodies such as the Monetary Policy Committee of the Bank of England over the last 15 years and thus been given substantial influence over core decisions. Most government departments solicit external studies on policy-relevant issues. These reports are subject to normal procurement rules, typically with a restricted call for tenders.

The change in government has altered the political orientation of the experts who are being consulted, but the general practice has changed little. Similarly, the traditionally strong influence of think tanks has continued, but those of the left-leaning variety (Institute for Public Policy Research, Policy Network etc.) have been replaced by more conservative-minded ones (Bow Group, Centre for Policy Studies etc.). All these interactions are transparent, but they occur at various stages of the policy process and are often initiated by the think tanks themselves.

There are also many informal channels through which government consults, or is briefed by, individual academics who have expertise in specific areas. It is also routine for civil servants to be involved in academic events.

### **Interministerial Coordination**

GO Expertise  
Score: 9

The Policy and Implementation Unit (PIU) in the Prime Minister's Office continues to be a potent tool for the evaluation of ministerial draft bills, but the primary coordinating role is undertaken by the Cabinet Office which has expertise in all areas of government. According to its website, it has over 2,000 staff and has responsibility for the National Security Council as well as the primary role in "making government work better." The staff of the PIU are policy experts from the civil service with good networks into the ministries and excellent substantive expertise, and it is common for civil servants working in the Cabinet Office to have worked in other government departments. The role of the Treasury in putting pressure on spending departments also contributes to inter-ministerial coordination.

Politically, the creation of a coalition government has increased the need for coordination, as Deputy Prime Minister Clegg maintains his office in the Cabinet Office. The reorganization of the Number 10 Policy Unit temporarily weakened evaluation capacity, but that has been restored with an increase in staff numbers and the creation of the above-mentioned PIU.

GO Gatekeeping  
Score: 7

The creation of a coalition government and the need for bipartisan approval has somewhat changed the role of the Cabinet Office and the Prime Minister's Office because policies have to be consistent with the coalition agreement. There is an informal cabinet committee comprising of two cabinet ministers from each of the coalition partners – with the cabinet secretary in attendance – which assesses policy proposals. The coalition has decentralized power, and the “no surprises” rule leaves little scope for discretion. Cabinet Committee papers have to circulate for 10 days to ensure collective approval, and the Deputy Prime Minister's Office provides alternative ways to launch items. Nevertheless the power structures in the British system mean that the prime minister is still in a position to question most policy materials.

Citation:

Constitution Unit 2011: Inside Story: How Coalition Government Works (<http://www.ucl.ac.uk/constitution-unit/research/coalition-government/interim-report.pdf>).

Royal Holloway Group 2012: A partnership of unequals: Positional power in the coalition government, in: *British Politics* 7 (4), 418-442.

Line Ministries  
Score: 9

The coalition government has created a system of regular informal meetings to take account of the increased requirement for coordination, but the Cabinet Office remains a powerful force in the preparation of policy proposals. There are regular meetings of the chief advisers to Cameron and Clegg whose goal it is to enforce the policy cohesion of the coalition. In terms of its potential to undermine or disturb the prime minister's agenda, the Treasury is the most important ministry, as was evident during the Blair governments when Gordon Brown was chancellor of the exchequer. However, the Cameron/Osborne partnership has been strong since the beginning of the coalition government and central to its success on the Conservative side, and therefore no rival tendencies have impaired the coordination of policy proposals from that side.

Cabinet Committees  
Score: 9

The importance of cabinet meetings and committees diminished under the Blair governments, with an increase in so-called “sofa government” in which the prime minister and the chancellor tried to resolve their many political differences. The coalition has instead seen a revival of the importance both of full cabinet meetings and of committee work. Committee membership, which in the past was used by prime ministers to determine results in advance, is now carefully calibrated to ensure fair representation of both coalition parties, and there is a powerful coalition committee, chaired jointly by the prime minister and deputy prime minister. One recent innovation is the creation of the National Security Council. Cabinet committees now serve as a forum for policy debate and decision, but are also the place where the resolution of interdepartmental conflicts takes place. An informal Coalition Operation and Strategic Planning Group with two relatively low profile ministers from each

Ministerial  
Bureaucracy  
Score: 8

party plays an important political role in resolving coalition tensions. Overall political direction is provided by “the quad,” comprising the prime minister, deputy prime minister and two cabinet colleagues.

The inter-ministerial coordination of policy proposals is officially a goal in the Whitehall policy machine. However, problems of capacity and capability in this area have been revealed by surveys undertaken within the civil service. Two developments have contributed to disruptions in this area: on the one hand, the Civil Service Reform Plan of 2012; on the other hand, the coalition’s spending cuts, which have hit parts of the ministerial bureaucracy very hard (30% of senior civil servant jobs have been abolished). Relations between Whitehall and the government have suffered accordingly, and so has the efficiency of policy proposal coordination. Nevertheless, as explained above, the Cabinet Office is the body which assures coordination at the level of officials and feeds into cabinet committees.

Informal  
Coordination  
Score: 9

The informal coordination which was a hallmark of the Blair governments was reduced under Prime Minister Gordon Brown. Under the coalition government, the political necessity of coordinating different political forces and parties has led to additional cabinet committees, as well as the more informal “quad” of top ministers as a means of resolving tensions. Whether these are informal or simply a pragmatic adaptation of the established form of governance is a question of semantics. Given the propensity of the UK electoral system to result in single party governments, there is likely to be a reversion to the status quo ante after the next general election.

### Evidence-based Instruments

RIA Application  
Score: 8

The reduction of regulation costs has been a long-standing policy goal pursued by Labour governments – the aim was to reduce the cost of regulation to businesses in Britain by 25% by 2010. The new coalition government is following in these tracks, and any new regulatory proposal must be submitted to the Reducing Regulation Committee, a cabinet subcommittee tasked with scrutinizing, challenging and approving all new regulatory proposals. Regulatory Impact Assessments (RIAs) have to be prepared for all legislation which affects businesses, charities or voluntary bodies in order to assess the benefits and burdens of the planned measure. Academic research, however, has questioned the impact of these assessments as their results are not systematically integrated into the decision-making process.

Citation:

Dunlop, Claire A. et al. 2012: The many uses of regulatory impact assessment: A meta- analysis of EU and UK cases, in: Regulation & Governance Vol. 6 23-45.

Quality of RIA  
Process  
Score: 8

The RIA process is transparent – guidance on how to do it is accessible online. There is also a quality evaluation – all impact assessments are scrutinized by the Regulatory Policy Committee (RPC) which provides feedback for the Reducing Regulation Committee on the quality of the analysis and evidence presented. Deficits can be seen with respect to participation, however. While the RPC is always keen to hear the views of stakeholders on the impacts of new proposed regulation, there is no formal mechanism for their involvement, and evidence submitted by them is considered but not discussed. On the other hand, the government invites direct comment on the process so that it can be considered to make an effort to engage citizens and – perhaps most importantly – businesses. There is a one-in-two-out principle for new regulations, with information regularly updated online.

Sustainability  
Check  
Score: 10

In the United Kingdom, the whole process of RIA aims to provide support for sustainable policy-making. The assessment is based on a large scale of different indicators including social, environmental and ecological and other factors; economic impact, however, seems to be the most important. The assessments analyze the impact of regulation over several time periods (i.e., short-, mid-, and long-term) and they take account of unpredictable external shocks and unforeseeable developments.

### Societal Consultation

Negotiating Public  
Support  
Score: 5

There is little tradition in the system of British government – either on the executive side or in the process of legislation – of systematically incorporating organized civil society into the decision-making process. There was a period that ended in the late 1970s in which unions and employers were central to decision-making, but since then the role of these actors has been much diminished. However, it is not negligible and it is routine for public consultations to seek a wide range of views. Given the pluralist nature of the British system of interest groups and associations, it is quite difficult to identify which organization would be competent and legitimized to speak on a certain issue. The coalition government and particularly Prime Minister Cameron introduced the idea of “Big Society” in the 2010 election campaign and pledged to transfer power from central to local government, encourage people to volunteer in social work and support civil cooperation. This agenda has, however, not led to any appreciable change in the systematic consultation with societal actors at an early point in the policy cycle, that is, in the process of policy development.

## Policy Communication

Coherent  
Communication  
Score: 8

Compared with the secrecy culture of earlier decades, government has become much more open in the United Kingdom, through a combination of the Freedom of Information Act passed by the Blair government and a willingness to use the internet to explain policy. The recently renamed [www.gov.uk](http://www.gov.uk) website provides extensive information on government services and activities. The legacy of the “spin” approach that was a hallmark of the Blair governments has induced some skepticism about government communication. Although the present government tried to distance itself from its predecessor’s approach, it has fallen short of successful connection with the British public. Prime Minister Cameron has also tried to avoid the appearance of centrally dictated government communication, but there is reasonably effective management of communication. In a way, the challenge for the government is to achieve the communication of a common sense of purpose while retaining the distinct positions of the two parties forming the coalition. To some extent, the coalition partners have made public some of the internal policy disagreements, but it has been unclear whether this betrays a lack of coherence or simply a political desire to maintain their separate identities. Since the British public’s expectation is that the government presents a unified position, going “off message” is still an easy way for politicians to put themselves into the spotlight, but ministers tend to use off-the-record briefings. The government has occasionally suffered from this with respect to the issue of European integration, but has so far managed to contain the damage.

## Implementation

Government  
Efficiency  
Score: 9

The United Kingdom’s political system is highly centralized; there are no discernible “veto players” who could challenge or undermine the central government in achieving its core policy objectives. There has been only limited decentralization since the devolution of certain powers to Scotland, Wales and Northern Ireland, and there is no written constitution and no constitutional court able to directly and effectively challenge government decisions. However, there is provision for judicial review, something the government is currently trying to limit because it has been used much more extensively in recent years. In the past, problems in achieving policy objectives have mainly arisen through intra-party disunity and parliamentary party rebellions. The historically new challenge for the Cameron government has been to enable a coalition government to cooperate smoothly, and through a variety of formal

and informal mechanisms this has so far been quite successful. Coalition frictions have resulted in certain plans being disrupted, notably around various constitutional reforms. The issue of European integration has also been problematic, with pressures inside the Conservative party forcing the prime minister to announce an in/out EU referendum after the next general election, and recent demands for it to take place even sooner. To what extent this will ultimately force the prime minister to change course remains to be seen.

Ministerial  
Compliance  
Score: 9

The British prime minister has traditionally had more or less absolute power to appoint politicians to government positions. He can thus count on his power of patronage to earn him the loyalty of his backbenchers and to ensure that ministers stick to the government agenda. Despite occasional leaking of dissent, the collective responsibility of cabinet is a well-entrenched doctrine. The prime minister's power is partly dependent on the incumbent's political strength and calculations by their party as to their future electoral success (which is directly linked to their own job security). Party whips also play a key role in passing legislation and thus in supporting the government, and although the Conservative MPs of the "class of 2010" are sometimes considered to be more prone to rebellion, any with strong political ambitions have to be wary of being branded as mavericks.

In the coalition government, Prime Minister Cameron's power is somewhat circumscribed by having to consult with the deputy prime minister over appointments and dismissals. Deputy Prime Minister Clegg therefore has a de facto veto over changes in government, but as long as the bilateral relationship between the prime minister and deputy prime minister is good and is seen to be good, this does not substantively reduce the prime minister's power. Cabinet reshuffles like that of 2012 demonstrate the maneuverability of the prime minister in that respect, and the incentives for cabinet ministers to work towards the implementation of the government's program are accordingly high.

Monitoring  
Ministries  
Score: 9

The tight integration between the Prime Minister's Office and the Cabinet Office enables British prime ministers to be effective in determining the strategic direction of the government. The Treasury has long had an important monitoring role that goes beyond the role of finance ministries in other countries. Decision-making is concentrated in strategic units and in informal meetings, and ministers have to reveal their preferences in cabinet meetings, cabinet committees and bilateral meetings with the prime minister, chancellor or deputy prime minister, so monitoring is relatively easy for the core executive. The somewhat more autonomous status of the Liberal Democrat



Monitoring  
Agencies,  
Bureaucracies  
Score: 8

ministers is balanced by their additional supervision through the Deputy Prime Minister's Office. In addition, ministers from the two participating parties monitor their coalition partners quite closely for compliance with the joint program.

The United Kingdom is not a federal state, and therefore there is no formal oversight for central state ministries of the workings of ministries in areas where devolution has granted powers to Scotland, Wales and Northern Ireland. But the United Kingdom has been an early adopter of delegating civil service work to executive agencies in order to improve performance and reduce costs, which has been going on since the early 1990s under the Next Steps Programme. There is, moreover, an expectation that the departmental minister takes responsibility for agencies which the ministry oversees, although there is no longer an expectation that the minister will have to resign if problems arise in an agency. Hence this delegation has also been found to disconnect civil servants from some of the activities notionally assigned to their ministries while reducing the ministerial accountability of the public service. More recently a "re-aggregation" to re-establish ministries' lines of control has been taking place. The current Civil Service Reform also seeks to introduce new instruments of performance control and individual accountability. Monitoring therefore has to be seen as close, even if reactions may take some time. An interesting case is the Bank of England, which is largely independent, but which is still subject to some oversight by the Treasury, with the latter making senior appointments.

Citation:

Elston, Thomas 2011: Developments in UK executive agencies: re-examining the disaggregation – re-aggregation thesis, Paper presented to the Governance of Public Sector Organisations study group at the 33rd Annual Conference of the European Group for Public Administration, Bucharest, 7th – 10th September 2011.

Task Funding  
Score: 7

Three of the four countries of the United Kingdom (Scotland, Wales and Northern Ireland) have devolved governments and responsibility for major areas of public services, such as health and education. England, by far the largest part of the United Kingdom, has no government of its own, but local authorities in England have responsibility for a more limited range of public services including schools.

Central government exercises tight control over the finances of the three national governments and of local authorities in England, the bulk of whose income comes from grants from central government. Domestic property taxes are the principal revenue instrument available to sub-national governments, but even the level of these is substantially controlled by central government. Given

the absence of a written constitution, there is no mechanism to govern the allocation of funds to finance these devolved tasks, and decisions about them are therefore subject to political and administrative negotiations through formula-based need assessments. Agreements such as the “Barnett Formula” for Scotland, Wales and England provide some stability of funding, but are of course subject to change in conditions like the severe spending cuts under the Cameron government. The Scotland Act 2012 has given the Scottish Administration new taxation and borrowing powers and by 2016 it is planned that the Scottish government will be able to raise 35% of its expenditures instead of the current 14%. The Welsh Assembly has far less fiscal discretion, but the central government has agreed that borrowing powers should also be devolved to the Welsh government.

Citation:

Scully, Roger/Jones Richard Wyn 2011: 7. Territorial politics in post-Devolution Britain, in: Heffernan, Richard et al.: *Developments in British Politics* 9, Basingstoke and New York

Constitutional  
Discretion  
Score: 5

A distinction must be made between local government and the devolved Scottish Parliament, and Welsh and Northern Irish assemblies. Local governments in England largely do little more than act as regional executors for Westminster policies and they have limited “constitutional scope,” although recent reforms were supposed to give them more discretion in the use of the funds allocated to them. But they have no way to legally challenge or oppose central government actions. Only two cities (London and Bristol, the latter only since late 2012) have directly elected mayors with executive responsibilities. They can exercise a certain degree of autonomy from central government.

The devolved Scottish Parliament and the Scottish executive have grown into major political actors whose rights, although theoretically revocable by Westminster, must be considered permanent for political reasons. Their Welsh and Northern Irish counterparts have considerable autonomy, but differ in degree from Scotland. Even if some decisions by the Scottish government provoked Westminster (most notably in the case of tuition fees), there was no intervention by the central state.

National Standards  
Score: 7

There are supposed to be national standards for service delivery by local authorities or the parallel networks of agencies for specific policies such as the trusts running health care, but recent scandals have shown that implementation can be unsatisfactory and thus that there can be “postcode lotteries” in standards. Very recently, the Care Quality Commission, a body designed to oversee the quality of health and social care, has been criticized for a lack of transparency. Although the government has the capacity to ensure national standards on this issue, it is not doing enough to “watch the watchers.”

All members of the civil service are pledged to a range of codes (such as the Civil Service Code, the Directory of Civil Service Guidance, etc.) to ensure national standards in performance, conduct and delivery. In 2012, the Standards Board for England – which has scrutinized civil service commitments to the codes since 2000 – was abolished. The central government has encouraged local authorities to set up regional standards boards. This is in line with the Localism Act 2011 which changed the powers and scrutiny of local government in England. The current Civil Service Reform, which started in 2012, sets a new range of national standards, especially in skills, accountability and transparency.

Citation:

HM Government 2012: The Civil Service Reform Plan; <http://resources.civilservice.gov.uk/wp-content/uploads/2012/06/Civil-Service-Reform-Plan-acc-final.pdf>

### Adaptability

Domestic  
Adaptability  
Score: 5

The organization of ministries in the United Kingdom is a prerogative of the prime minister, and traditionally the precise division of tasks between ministries apart from the classic portfolios of foreign policy, defence, the Treasury, and the Home Office has been subject to considerable change. There is little evidence for international and supranational developments playing an important role in these decisions, in comparison with considerations of political expediency on the national level.

The United Kingdom has in some areas been an early, and sometimes enthusiastic, proponent of norms and practices that have been championed by international bodies. While there has been a Minister of State for Europe since the early 1990s, the responsibilities of the officeholder are more diplomatic than focused on the induction of international developments into domestic affairs. At parliamentary level, European integration led to changes of procedures to allow Westminster to intervene early in the European policy formulation process. In the cabinet reshuffle of 2012, Prime Minister Cameron created a Minister of State for Faith and Communities to work with religious and community leaders to promote faith, religious tolerance and stronger communities within the United Kingdom. The office was, however, based in the Foreign and Commonwealth Office (FCO) rather than the Home Office.

International  
Coordination  
Score: 8

The United Kingdom has long played a leading role in coordinating international initiatives, and the country's imperial legacy has contributed to its active stance on international commitments. It has played a leading role in

recent years, for example, in efforts to eradicate poverty in Africa or to combat climate change. As a permanent member of the Security Council, the United Kingdom is very active in the UN and also plays a leading but sometimes polarizing role in NATO.

### **Organizational Reform**

Self-monitoring  
Score: 5

Flexibility and informal meetings are a key feature of the British government system. The new coalition government has further reinforced this tradition. The downside is that little procedural structure exists to stabilize the expectations of actors and serve as guidance in case of crisis. But the flexibility to respond in a way uniquely tailored to the situation at hand has always been valued highly and is an essential constituent of prime ministerial government in the United Kingdom.

Monitoring mainly takes place outside the executive. On the one hand, there is active debate and reflection in public discourse through a watchful media, on the other hand, institutions such as the Committee on Standards in Public Life keep a close eye on the system. The trust in politicians' moral values and their capacity for self governance was substantially damaged by a series of scandals in recent years – above all the parliamentary expenses scandal. The effectiveness of the monitoring system must therefore be questioned.

Institutional Reform  
Score: 8

As mentioned above, the organizational flexibility of both the core executive and the distribution of tasks to specific ministries is the core characteristic of the British system of government. Cabinet reorganizations and new institutional arrangements have often been the prime minister's weapon of choice to improve government performance. However, such reorganization can also be motivated by intra-party politics or public pressure, and it is difficult to systematically evaluate the success of specific measures in enhancing the strategic capacity of the government.

Very substantial changes in governance do occur, with recent examples including the conferral of independence on the Bank of England, the alteration of the basis of financial regulation, or the balance between state, market or external agencies in the delivery of public goods.

## II. Executive Accountability

### Citizens' Participatory Competence

Policy Knowledge  
Score: 7

The British government provides a lot of information to its citizens through detailed websites, both on the core executive and the ministerial level. They contain general information, progress reports and statistical data. Government does not, however, make much of an effort to ensure that citizens actually use that information. The most important source of knowledge for citizens is therefore TV broadcasting followed by newspapers and radio.

According to an opinion poll by Ipsos MORI in 2010, 53% of those asked said that they had “a great deal” or “a fair amount” of knowledge about politics; 47% answered that they had “not very much” knowledge or knew “nothing at all.” The share of those claiming knowledge has risen over the previous decade by about 10 percentage points, indicating a subjectively better understanding of politics by citizens in the United Kingdom. A telling figure is that more citizens have voted in certain television talent competitions than many national elections.

Citation:

Ipsos MORI 2011: Knowledge of Politics 2003-2010; <http://www.ipsos-mori.com/researchpublications/researcharchive/2757/Knowledge-of-Politics-20032010.aspx?view=wide>

### Legislative Actors' Resources

Parliamentary  
Resources  
Score: 6

Westminster MPs have relatively few resources at their disposal in terms of personnel capable of monitoring government activity. Parliamentary parties have few additional resources and therefore can provide little support. In addition, if a party is in government, a substantial part of their MPs will be (junior) members of the government and therefore not too keen to monitor themselves.

Parties in opposition are granted some public funds to hire additional researchers to fulfill their duties of controlling the government. But in terms of resources this is still not much compared to those the governing parties can call on through the ministerial bureaucracy.

## Citation:

European Parliament / Directorate-General for Research 2000: Comparison of organizational and administrative arrangements in EU national parliaments; [http://edz.bib.uni-mannheim.de/daten/edz-ma/ep/00/budg110\\_en.pdf](http://edz.bib.uni-mannheim.de/daten/edz-ma/ep/00/budg110_en.pdf)

Obtaining  
Documents  
Score: 8

The “Osmotherly Rules” define the rights of select committees to obtain government documents. Like many internal parliamentary rules, however, they remain informal and cannot be legally challenged. However, documents are rarely held back and will thus be made available to committees. There are occasional disputes with government over the provision of specific information, and committees will then have to order the production of government documents. Their rights are thus not formally limited, but there is sometimes a political struggle between the committee and the government, although the struggle is usually mediated by the fact that the government party also has the majority on the committee, and party political motives thus rarely come into play. Freedom of Information requests can additionally be used to obtain documents, but this does not include documents that affect national security or public interests. The media reinforce parliamentary scrutiny through their strong influence and the keen interest they take in committee findings that challenge government.

Summoning  
Ministers  
Score: 8

Ministers can be summoned to parliamentary committee hearings, but they cannot be forced to attend, because ministers have to be MPs, and MPs cannot be forced to attend any meeting. However, the Osmotherly Rules recommend that ministers accept invitations to a hearing as an act of respectful courtesy, and thus ministers will usually accept an invitation to a hearing in a select committee. It would be headline news and damaging to the minister in question if they refused to appear before a committee on anything remotely controversial. The prime minister and key aides traditionally refuse to appear before a select committee, but have appeared before the Liaison Committee, which is composed of the chairs of all the other committees.

Summoning Experts  
Score: 10

Parliamentary committees may summon expert witnesses who will usually provide any evidence willingly. Should they decline to do so, committees then have the power to order a witness to attend, though this would be exceptional.

Committees may also summon actors involved in an issue being investigated by a committee. For example, the examination by the Treasury Committee (in February 2009) of the deposed chairmen and chief executives of the Royal Bank of Scotland and HBOS following the public bailout of their banks, or of press barons in the context of the Leveson Inquiry into phone hacking by journalists.

Task Area  
Congruence  
Score: 7

Every government department is shadowed by a committee in the House of Commons (20 at the time of writing). The remit and number of committees adapts to reflect changes in the makeup of the government. House of Lords select committees focus on broader topics and are less directly matched to departmental task areas, but cover important areas – one example being the European Union Select Committee, which in turn has subcommittees that cover specific topics from an EU perspective such as economic and financial affairs or the environment.

However, the capacity of committees to monitor effectively is limited due to a lack of resources and limited continuity in membership (e.g., the House of Lords rules oblige members to be rotated off a committee after four years, although from direct observation of the work of its committees this does not seem to weaken them). Also, the number of reports they issue massively exceeds the time available on the floor of the House to debate them and, despite increased efforts by the committees to publicize them, not all reports achieve much media coverage.

Audit Office  
Score: 10

The National Audit Office (NAO) is an independent office funded directly by Parliament. Its head, the comptroller and auditor general, is an officer of the House of Commons. The NAO works on behalf of Parliament and the taxpayer to scrutinize public spending and is accountable to the Public Accounts Committee (PAC).

Ombuds Office  
Score: 7

The British Parliament has a Parliamentary and Health Service Ombudsman (PHSO), which looks into complaints if “government departments, their agencies and some other public bodies in the United Kingdom – and the NHS in England – have not acted properly or fairly or have provided poor services.” The PHSO can only be dissolved by an address by both houses. The resources of the PHSO are limited, with 435 full-time staff, as is their remit and their access to certain files (e.g., no formal power to see cabinet papers). Reports issued by the ombudsman are susceptible to judicial review by the courts. It is a function that seems to have faded from public visibility after being quite prominent when introduced in the 1960s. More than two thirds of the 26,358 complaints investigated in the last year concerned health service matters.

Citation:

PHSO (2013) ‘Aiming for impact: annual report and accounts 2012-13’

## Media

Media Reporting  
Score: 8

The main TV and radio stations in the United Kingdom – especially those like the BBC that operate under a public charter – provide an extensive array of high-quality news services. Government decisions feature prominently in this programming, and information and analysis on government decisions are both extensive and held to a high standard. There is substantial competition for viewers, in particular between the BBC, ITV, Sky and Channel 4. In addition to news programs, all provide in-depth analysis programs on politics and policy in a variety of formats. The Today Programme on BBC Radio 4 is well-known for its highbrow political analysis and scrutiny, and often sets the tone for political debates; Newsnight is the flagship political news program on TV.

The style of interview on these programs is often explicitly not deferential, and even quite confrontational – especially towards ministers. This is justified by the need to hold politicians and especially government ministers to account. Local radio and press also have a tangible influence within their localities and an increasing number of people resort to online services, most notably BBC Online, as a source of information on government.

Scandals both in the private sector (News of the World) and the public sector (BBC) may have cost some credibility but have so far had no recognizable influence on the functioning of the media system as a whole.

## Parties and Interest Associations

Intra-party  
Democracy  
Score: 5

A distinction needs to be made for all major parties between the election of the leader (for which party members do have a say) and the selection of other personnel or decisions over major issues, for which there are generally much more restrictive procedures. The selection of candidates for parliaments and local councils usually involves local party members. Annual party conferences notionally have a major role in settling policy positions, but in practice it is party leaders that play the biggest role.

The Conservative Party restricts decision-making to party members. In most cases, a number of selected delegates participate in the most important personnel and issue decisions. Central party influence over local candidate selection – and all candidates are local candidates in Britain – has varied in recent years. David Cameron introduced a “priority list” with at least 50% women and significant representation from ethnic minorities, from which all



target seats and Conservative-held seats were supposed to be selected. In the run-up to the 2010 election and in the wake of the parliamentary expenses scandal, necessity dictated a loosening of the rules. After the election, selection rules reverted to the post-2005 procedure.

The party leader is elected by a poll of all party members, who have to choose from a shortlist of two which has been decided by the parliamentary Conservative Party – that is, all Conservative MPs.

The Labour Party restricts decision-making to party members. In most cases, a number of selected delegates participate in the most important personnel and issue decisions. Central party influence over local candidate selection has varied over time – since 1988 there has had to be at least one woman on every shortlist. Since 2001, candidates require approval by party HQ before they can be selected by constituency Labour parties.

The selection of the party leader has also undergone changes in recent years. There is an electoral college which consists of three elements, namely the parliamentary Labour Party, the constituency Labour Party, and the trade unions and affiliated organizations. Each of the elements is balloted individually using the “one member, one vote” system; the results for each element make up a third of the final vote. Since 2007, the winning candidate has been required to have the support of 50% of the vote, so the election process takes several rounds as the candidates with the fewest votes drop out and have their second preferences redistributed until the winning candidate has reached the required quorum.

The Liberal Democrats restrict decision-making to party members. In most cases, all party members have the opportunity to participate in the most important decisions and choice of personnel. Lists of candidates and agendas of issues are fairly open.

Association  
Competence  
(Business)  
Score: 7

Major business associations propose practical policy solutions which are rooted in a realistic assessment of the circumstances in which they will be carried out. Since the polarization between the major parties has been reduced substantially over the last two decades (especially in the field of socioeconomic policy matters), there is little incentive for business associations to engage in wishful thinking if they want to be taken seriously in the national policy discourse. However, some economic interests do propose somewhat more provocative ideas.

Association  
Competence  
(Others)  
Score: 8

The crisis and the ongoing economic decline have sharpened the tone in some interest associations' publications. The main issue here is not so much whether economic interest associations are capable of formulating viable policies, but that even when they do, they have limited influence on the policy process.

The United Kingdom has a tradition of close scrutiny of policy proposals. The quality and realism of policy proposals determines the degree to which any interest group is taken seriously in the country's national political discourse and there are many NGOs which have had a tangible impact on policy thinking. Green interest groups, in particular, have helped to shape the policies of successive governments. There are vocal campaigners for rural interests, while both sides of the migration debate have been nourished by interest groups.

There is an abundance of NGOs with often-narrow policy agendas which tend to be pushed forward without much account being taken of the wider ramifications of the pursuit of their issue. By the same token, the diversity of such bodies allows a wide range of proposals to obtain a hearing.

This country report is part of the Sustainable Governance Indicators 2014 project.

© 2014 Bertelsmann Stiftung

Contact:

Bertelsmann Stiftung  
Carl-Bertelsmann-Straße 256  
33311 Gütersloh

Dr. Daniel Schraad-Tischler  
[daniel.schraad-tischler@bertelsmann-stiftung.de](mailto:daniel.schraad-tischler@bertelsmann-stiftung.de)

Najim Azahaf  
[najim.azahaf@bertelsmann-stiftung.de](mailto:najim.azahaf@bertelsmann-stiftung.de)