



HOUSE OF COMMONS SELECT COMMITTEES

Liaison Committee

Oral evidence from the Prime Minister, HC 647, Tuesday 10 September 2013

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Members present: Sir Alan Beith (Chair); Dame Anne Begg; Mr Clive Betts; Mr William Cash; Mrs Louise Ellman; Margaret Hodge; Mr Bernard Jenkin; Miss Anne McIntosh; Andrew Miller; Richard Ottaway; Keith Vaz; Mr John Whittingdale

Questions 1–87

Witness: **Rt Hon David Cameron MP**, Prime Minister, gave evidence.

Q1 Sir Alan Beith (Chair): Welcome, Prime Minister, to this sitting of the Liaison Committee. If we are interrupted by a Division of the House, as we might be, I will have to suspend the sitting for 15 minutes, but if Members could get back as quickly as possible, that would be helpful.

This afternoon we are going to look at two areas in which you have a particularly close interest. One is the civil service, its reform and fitness for purpose, and the other is press regulation. However, before coming to those issues, although you spent an hour and 10 minutes in the Chamber yesterday answering questions about Syria, I wanted to establish from you how seriously you take the Russian statement on chemical weapons.

Mr Cameron: It is a new proposal—this idea that Syrian chemical weapons could be put under international control and destroyed. It is an interesting proposal. If it is serious, it is one that we should take very seriously because it could achieve a major goal that we have as a Government to get rid of chemical weapons. We have to remember that Syria has the biggest supply of chemical weapons anywhere in the world.

I spoke to President Obama about this specific proposal at the G20, briefly, and I have just spoken to him again today. He has also spoken to President Hollande, and Britain, France and America will be tabling a UN Security Council resolution today, because it is important to make sure that this isn't some delaying tactic—that this isn't some ruse. If this is a serious proposal then we should act accordingly, and I think that a UN Security Council resolution is a good idea. In that resolution it is quite important that we have some clarity about thresholds. We need to know that there is a proper timetable for doing this. We need to know that there will be a proper process for doing it and, crucially, there would have to be consequences if it wasn't done. So, as I say, if this is a serious proposal, we

should treat it accordingly. Of course, we should be sceptical. Of course, we should not forget that a war crime has been committed. This could be a major step forward, as I said in the House yesterday, but we need to test it out properly.

We should also be clear that none of this would be happening if there was not serious international pressure, led by the United States, on Syria, over the issue of chemical weapons. This is not a proposal the Russians have made before; it is not something that they would have seriously entertained. So now is the time to test them out and see what can be done.

Q2 Richard Ottaway: Prime Minister, you just said that this should not be seen to be a delaying tactic, and John Kerry said that they should give up their chemical weapons within a week. Do you agree that, frankly, actions will be better than words? Would it not be best to set a deadline by which we can call for a clear decision on this?

Mr Cameron: I think we do need some deadlines; we do need some timetables. So I think in any Security Council resolution that we draft—Britain, France and America are discussing this right now—we need to be clear that there do need to be some thresholds. A timetable is important, as is being clear that this is not about someone monitoring chemical weapons in Syria. It has got to be about handing them over to international control and about their destruction; those are quite important features. But, as I say, a UN Security Council resolution seems to me a good way of testing out the seriousness of the Russian offer and the seriousness of any Syrian response.

Q3 Richard Ottaway: When do you envisage that the resolution will be tabled?

Mr Cameron: I think that should happen today. Just as with the previous Security Council resolution, a good way to do this is for the three members—I have spoken about Britain, France and America—to draw one up and to table that in the P5, the permanent five members, where, of course, Russia and China will be there, to test out whether this really is a serious proposition.

Q4 Sir Alan Beith (Chair): Did you anticipate this at all when you talked with President Putin at the G20?

Mr Cameron: I did not discuss this issue with President Putin, but I did discuss it with President Obama as a possible option. I think that things have moved faster than was perhaps anticipated, but, the Russian response to what Secretary of State Kerry said yesterday was interesting. And if they really mean this, then let us test this out and see whether this can be a way forward. But, standing back from this and looking at the overall picture, if we can achieve the removal and destruction of the biggest chemical weapons arsenal in the world, that would be a significant step forward. So it is definitely worth exploring, but we must be sceptical, we must be careful and we must enter this with a very hard head and some pretty cool calculations because we do not want this to be some delaying tactic or ruse just to buy time for a regime that must act on chemical weapons.

Q5 Mr Jenkin: Good afternoon, Prime Minister. At the end of last week the PASC published our report *Truth to Power: how Civil Service reform can succeed*. I regard it as a very important contribution to this debate and I hope you have had a moment to glance at it—I appreciate that you are under a lot of pressure.

In our report, we focus on why many Ministers and ex-Ministers feel that the civil service is resistant to change, and even blocks ministerial decisions. Do you agree that there is plenty of what Francis Maude calls the “bias to inertia”?

Mr Cameron: I think it is a good report; it is well worth studying. I agree with many of the people who gave evidence to your report, and with Francis Maude, that the civil service needs reform. There can be a bias to inertia in some cases. But my approach is to be quite balanced and recognise that there are some things that the civil service does do very well. If you have a Minister with a clear view and a clear plan, you can get things done. You can, as I think this Government have demonstrated, be a bold, reforming Government.

There are some issues and problems in the civil service as well as that very good performance and we need to deal with them. But I think that we can deal with them with the plans we have in hand, so I am not currently persuaded of your idea of a parliamentary commission, because I fear that that would stop the process of reform and change in its tracks rather than carry through the actions that we are taking.

Q6 Mr Jenkin: The Haldane principles of ministerial accountability rely on the indivisibility of Ministers and officials. Why do you think there seems to be so much public discord between Ministers and officials today?

Mr Cameron: There have always been good, robust relations between Ministers and officials; that is the way the system should work. I do not think that those relations are any worse than under previous Governments. I think what has changed since Haldane’s day is that, rightly, Parliament wants to call Government to account in more detail. So it is worth examining whether there are more ways in which Parliament can get at people who are responsible in the civil service to ask them questions.

We have seen some progress. We have had this debate in previous Committee meetings and made some progress on that. Permanent secretaries now appear not just as accounting officers. We have the proposal that SROs—the senior responsible officers for projects—should be in front of Committees answering questions. In the modern world, it is right to update Haldane and allow parliamentary Committees to delve into some of the black box, as it were.

It may be that, in time, there will have to be some bigger commission and review but I want this Government to get things done. I think we are getting things done and that we can get even more things done if we reform the civil service in the way that we have set out. I have a balanced view.

Q7 Mr Jenkin: The civil service reform itself, one year on, expresses disappointment at the slow pace at which the civil service reform plan is being implemented. That seems to be all the evidence you need to demonstrate—

Mr Cameron: We are a self-critical Government; that is a good thing to be. Let me put the other side of the ledger a bit. With our civil service reform we have made some quite important steps, such as the Major Projects Authority. There was a huge problem in the past with big projects going over budget. We now have a separate organisation, which is good. We have recognised the shortage of commercial experience in the civil service, so we have a civil service commercial office that can handle a lot of things for Departments. That is good progress.

We are going through the skills gaps and trying to fill them in. Infrastructure has been a big problem in the past. We have Infrastructure UK sitting in the Treasury with Lord Deighton, who delivered the Olympics on time and on budget. There is a positive picture of civil service reform. Yes, it needs to go faster; yes, there is more that needs to be done. The question for me is whether we want to stop that and have a big commission of inquiry. I can see a case for it but I would rather get on with my civil service reform and get on with delivering for hard-working people, which is what the Government are about.

Q8 Mr Jenkin: We are very clear in our proposal that it is not an alternative to the civil service reform plan; it is a longer term look at the civil service. All the things you are suggesting, Prime Minister, are structural and procedural changes. There has been no analysis of the attitudes and behaviours—why the attitudes and behaviours that make the civil service seem so obstructive to some Ministers have become so entrenched. Are you surprised when there is that division between Ministers and civil servants in some parts of Whitehall, and divided leadership across Whitehall, that many officials find it easier to be slow and risk-averse, rather than expose themselves by taking the courageous decisions we really want them to take?

Mr Cameron: I don't really share that picture.

Q9 Mr Jenkin: So the civil service is basically okay.

Mr Cameron: No, it needs change. That is why we need extended ministerial offices, because we need to help Cabinet Ministers lead their Departments. That is a good proposal. There are shortages of skills on IT, commercial expertise and infrastructure and we have to deal with all of those. There are still too many layers in the civil service. You often find that you want to keep someone in post and promote them because they are doing a great job, but you can't because of the bureaucracy. That all needs to change. Does that need a parliamentary commission? I don't think so.

I would also say that if you look at Departments where there might even in the past have been a bit of friction between Ministers and civil servants, look at the record of actually getting things done. Let's take the Department for Education, for example. Michael Gove has been very vigorous about civil service reform. That Department has established 190 free schools in the time it took the previous Government to build a school. That is a remarkable record. That Department, between 2010 and 2015, is going to see its central headcount cut by about 50%. That is big structural change in the size of the Department and big structural changes in education, delivering good results. That is being delivered by an active, highly charged Minister with an effective civil service team.

I do not recognise the picture that it is all gummed up and nothing is getting done. On the other hand, I am not saying that it is all marvellous and don't change anything. There are changes that need to be made and we are making them. Do we need to go faster? Probably, but I think we are on the right track.

Q10 Mr Jenkin: Lord Browne, in his speech to the Institute for Government, talked about "the biggest single obstacle to progress in government" being the failure to learn from failure. He described that as "the result of an organisation's induced behaviour". How does the civil service reform plan address that kind of induced behaviour, when there has not even been any analysis of why people behave in that particular way?

Mr Cameron: There is analysis all the time.

Q11 Mr Jenkin: Where is it? We have not had it.

Mr Cameron: We have it all the time from the Public Accounts Committee and other Select Committees and from the Government's own processes. There are examples of failure and we have to learn from those, and there are examples of success. If we look at big project delivery, the Olympics were a big success. Crossrail was a big success. Other large projects are behind and we need to learn from that. I just do not think we will learn necessarily fast enough from a commission of inquiry.

Q12 Mr Jenkin: Francis Maude is the first to accept that the civil service reform plan is not a future strategy for the civil service. It is not based on a comprehensive assessment of what is wrong with the civil service. How are you going to change the civil service? How do you bring about corporate change in a large organisation, unless you have that kind of analysis and that declaration of intent that will lead people to a different form of behaviour and a different form of organisation?

Mr Cameron: I think you change an organisation by effective leadership. That is one of the reasons why I split the role of Cabinet Secretary into two. I wanted the policy role carried out by Jeremy Heyward, a remarkably effective civil servant serving many Governments of different colours, and I wanted a more specific focus on civil service reform and changing the organisation, which Bob Kerslake is very effectively carrying out. I think it was right to do that.

How does the civil service need to change? In what way does it need to change? I think Francis Maude, the responsible Minister, and I, also the responsible Minister, have set that out quite clearly. It needs to be leaner, faster and better at implementation, rather than just policy making. It needs to learn more commercial skills. It needs to get major projects right. It needs to deal with IT in a different way. It needs to engage with small and medium-sized enterprises, rather than just big companies. All those changes, I would argue, are taking place. It needs to work out how better to run commissioning with outside bodies.

Sir Alan Beith (Chair): We will come to that in a moment.

Mr Cameron: If you asked any of the senior managers in the civil service what needs to change, I think they would give you a list quite similar to that. So I am not sure we need a stop and analyse moment, because I think the analysis is pretty clear. The reform now has to follow that.

Q13 Andrew Miller: Following on from that, particularly dealing with the issues that my Committee sees, because we are a cross-cutting Committee—we have done reports on the census, on bridging the valley of death and on malware and cybercrime—we have consistently found that departmental priorities seem to override Government initiatives. It feels to us like a collection of policy bunkers. What are you doing to break that down?

Mr Cameron: One of the things that needs to change is that Whitehall has been too much in silos of different Departments, and you have to break that down. Are the Government getting better at that? I would argue yes, and perhaps we will come on to some of these things. For instance, the digital by default programme, where, right across Government, we

are trying to move services online. We have had some big successes with that in terms of benefits and other things that Government do.

In terms of infrastructure, we have tried—rightly—to pull some of these big projects out of Departments that do not have the capabilities and sit them with the major projects authorities, so they are not in the silo. Is there more to be done? Yes, but I think we are doing these things. Community budgets, which I know Mr Betts is very interested in, is a good example of getting out of silos, and we have made good progress.

Q14 Andrew Miller: Of the three examples I have cited, the recommendations we made about change have been negated by Governments. Will you have a fresh look at those?

Mr Cameron: I will certainly have a look. They might have been good suggestions; they might not have been. We have to take the suggestions we get and work out whether we think they are good ideas.

Q15 Andrew Miller: Specifically on IT, Francis Maude told my Committee that the way forward for IT was easier because there was no money, and thus a real incentive to move away from big suppliers towards “smaller, newer and disruptive suppliers”. How will civil service systems become more coherent in that world and what is the key lesson the system must learn across the whole of the civil service to make IT systems more coherent?

Mr Cameron: I think two things: there is a general lesson to learn, which is the danger of large IT projects; secondly, there is the work of the Cabinet Office across Government to make us contract better with IT. We know we need to learn the lesson, and we have an organisation helping us to do it.

Let me give you an example. The Home Office awarded its disclosure and barring IT scheme to an SME rather than to the incumbent, which led to an 83% saving. By breaking down some of the contracts, making them smaller, being prepared to deal with SMEs and using the Cabinet Office expertise—I am not saying there will never be another IT failure in Government; that would be a bold statement—I think we have made some good progress.

Some of it has been caused by a shortage of money. We have cut spending on consultancy by something like 80%. Part of that was because we had to, because—as the outgoing Chief Secretary said famously—there was no money. So I think we have made some real improvements in efficiency and competence, but there is clearly a lot more to do.

Q16 Mr Betts: Continuing with the theme of silos, Lord Heseltine, in his report *No stone unturned*, identified that one of the obstacles to decentralisation was different Government Departments hanging on to their power in their silos and not wanting to let go. In the summer of 2011, you commissioned a report on decentralisation, with the then Minister Greg Clark being asked to do a review of all Government Departments’ performance. After a couple of requests at this Committee, in December 2012 you eventually published the report. One of the key recommendations was that it should be done on an annual basis to keep Departments on their toes about this issue. You then overrode your own Minister’s recommendation and decided to scrap the reports in the future. Why?

Mr Cameron: I am happy to have a look at it again. Look, what matters is whether you are decentralising decision making and money, rather than whether you are endlessly producing glossy reports about it. I would rather be judged on the results. Is this a

decentralising Government? In my view, yes it is. Look at the big progress on community budgets; look at the progress on the Heseltine plan for devolving money to local councils and LEPs; and look at the massive amount of getting rid of ring-fencing that we have done, so councils have more choice on spending money. I am happy to defend the record, rather than the number of documents we have published.

Q17 Mr Betts: But on issues such as community budgets or the Heseltine plan, we know that some Departments are better than others at engaging with the localist agenda. That is what Greg Clark's report did. It focused on each Department and made them answer for what they are doing. That was then published, thanks to your help on that. Why did we abandon it when it seemed to be working?

Mr Cameron: That is a fair point. Let me try to give you a better answer. All Departments—because we are a decentralising Government—want to decentralise. But when it comes to something like the Heseltine agenda, for instance, sometimes the decision not to devolve something is not because the Department is being stropky and difficult about it, but because the Government collectively decide that it is something that needs to be retained nationally. It is rather unfair to then blame the Department for the failure to devolve.

If we take, for instance, the single pot of money for LEPs and local councils, which was a good idea to push money down and let local authorities and LEPs decide how to spend money to meet their local needs. The big question was, obviously, what do you put into the pot? For example, one question was, do you put all the apprenticeship money into the pot? In my judgment that would not have been a good idea, because I do not want to move in a direction where some parts of the country are not offering apprenticeships, which could conceivably happen. It seems to me that there are some things for which you need to keep a national standard. We need young people to go through school knowing that there is a real apprenticeship path for them wherever they live. Sometimes the decision not to devolve is not because a Minister is anti it, but because the Government have made a collective decision. It is therefore not really fair to blame the Department.

Q18 Mr Betts: Prime Minister, I accept that explanation. However, surely any report worth having, as Greg Clark's report was, would identify those issues and would not blame Departments. Equally, we know that some Departments, despite policy decisions by Government and Ministers, still do not get on with it and there is resistance to the implementation. Surely that is what a good report on decentralisation each year would identify. It would make sure light was shone on Departments so civil servants can react accordingly. Will you have another look at it?

Mr Cameron: I will certainly have another look at it.

Q19 Margaret Hodge: Civil service reform does need strong leadership; you have acknowledged that. Do you have full confidence in Sir Bob Kerslake?

Mr Cameron: Yes, I do. As I say, it was right to split the roles. I think Bob is doing a good job. It is a difficult agenda to get right—you have spent a lot of time on this—because you do not want to politicise the civil service or wreck its impartiality and good record. You want to keep the best as well as changing it. It is difficult to get it right, but I think we are going in the right direction.

Q20 Margaret Hodge: And will he be in the job at Christmas?

Mr Cameron: Everyone is in the job as long as they are doing their job well, and, as I say, Bob is doing a good job.

Q21 Margaret Hodge: So rumours that you are drawing up a list of alternatives are unfounded, are they?

Mr Cameron: I would have thought that you would be the last person to believe everything you read in the newspapers. I am staggered if you take that view.

Q22 Margaret Hodge: The only other question on that particular issue is: do you agree, therefore, that the briefings by Ministers against their civil servants don't help?

Mr Cameron: You have been in government. Briefings by Ministers against Ministers, or Ministers against civil servants, or civil servants against Ministers—all these briefings are unhelpful.

Q23 Sir Alan Beith (Chair): Or No. 10 against Ministers?

Mr Cameron: Or even No. 10 against Ministers—heaven forbid that that would ever happen. Actually, I think that all Governments have their stresses and strains. This is a coalition Government, to add to the stresses and strains. I would argue that, in terms of having a clear purpose—a clear team at the top that hasn't been undergoing endless change—you can see pretty harmonious working. I would argue between civil servants and Ministers. Of course, there are some frustrations: you will get tensions between a particular Minister and a particular civil servant. By and large, however, those can be resolved.

Q24 Margaret Hodge: May I turn to major projects? We have looked at major projects over the last three years, and we have come across quite a number where you could say that the decisions taken by Ministers are questionable, in some instances, and lead to unnecessary waste. For example, I am thinking of the timetable on HS2; the targets for the Work programme; even, if I may say so, the latest chapter in the saga around the aircraft carriers. When things go wrong, we tend to hear that civil servants get the blame. But if they had used their power to issue letters of direction warning Ministers that their ambitions might not be achieved, waste might have been avoided. How do you propose to deal with what I think are confused accountabilities, so that we can achieve better value for money?

Mr Cameron: I think that the way to achieve that is for rigorous questioning from parliamentary Committees, such as your own, and for people to explain why decisions are taken in the way that they are. Let us take the carriers, for instance. I take full responsibility for that. In the end, it was my decision in the SDSR. Then I looked again, when I saw new evidence, and decided—awkward politically though it would be—it was better to change the decision and get it right. It might have been tempting to say, “Do you know what? All this might happen some time in the future,” but I thought, let us take the pain of doing it now, because the information has changed and this is the right thing to do. So I take full responsibility for it.

I think that is the only way you can do it; it is important that you get as a Committee to question the permanent secretary and, perhaps, get to the senior responsible officers, and when there are difficult and complicated decisions or changes, everyone has to take

responsibility. In the end the Minister is responsible; but I suppose I don't really accept the premise of the question—that Ministers are hiding behind civil servants or vice versa.

Q25 Margaret Hodge: I think our view is that the civil servants don't use their authority through the letters of direction sufficiently. I don't think that one has been used during this Government; a few were used at the end of the last Government. So it is likely be a partisan view—

Mr Cameron: It is quite a blunt weapon, I suppose. I think it is important that it exists, because Ministers need to know that that can happen. I wouldn't rule out, as Prime Minister, talking to one of my Ministers to overrule that, and saying, "Well, you have got a letter of instruction, but actually there's another consideration here." So I think it's right that it's there, but it is quite a blunt weapon. Most of the time, these are stiff and tough conversations between permanent secretaries and Ministers—and what is wrong with that?

Q26 Margaret Hodge: Again, we see instances where accounting officers allow projects to go ahead without the right skills in place—the west coast main line might be one example; universal credit might be another. Why do you think that happens?

Mr Cameron: As I said, I think there are skills shortages in the civil service that have to be addressed. Since I have been Prime Minister, the west coast main line definitely has been one of the most serious problems of skills and competence shortages and bad decision-making, and that has had to be put right. I could also point you to a lot of good contracts that have been signed and a lot of good programmes that have been rolled out. One that I am particularly passionate about, the National Citizen Service, is going to get up to 100,000 young people from a standing start. I know that you have had a good look at rural broadband recently. I would argue that, from nothing, the fact that some 4 million people living in rural areas who otherwise would not be connected to the information super highway are going to be, is a good outcome.

Sir Alan Beith (Chair): We are going to come back to that.

Mr Cameron: I am trying to make the point that I don't think it is right to paint the picture that all these big projects go wrong. There are always lessons to be learned. It is good that now we have got the MPA. We have these RAG ratings—red, amber, green—and we publish those. No Government have done that before. Is there more to do? Yes, but we are making progress.

Q27 Margaret Hodge: Just on the MPA, if I could put two final questions. First, Lord Browne had a whole set of really clear recommendations around that. Can you commit to a timetable around when you are going to implement those? Secondly, you have talked about DFE as being an effective Department, but actually DFE is probably the only Department that doesn't allow MPA anywhere near it, and given that we are trying to get that central skill and oversight of major projects, why are you allowing that to continue?

Mr Cameron: On the MPA, on the Lord Browne review, that is being put in place. Perhaps I can write to you about exact timings. On the Department of Education, the point that I was making is I don't know whether they have got any— Their projects are the free school programme, the expansion of primary school places, and the new priority building programme. Obviously all those are carefully examined for whether they are making progress.

Q28 Margaret Hodge: They are not examined by the MPA. It is a big capital programme. It is the only Department which is not.

Mr Cameron: I am very happy to look at that.

Q29 Sir Alan Beith (Chair): We want to look at some other specific areas, and I will start with criminal justice, which is an area where a great deal of outsourcing is going on, and a relatively small number of companies keep cropping up in so many of the contracts. When serious irregularities were discovered in the electronic tagging contract and in prisoner escort contracts—these involved G4S and Serco—the Lord Chancellor said he found that the situation that has arisen with electronic monitoring contracts to be “wholly indefensible and unacceptable”. Of course the whole process of privatising some prisons had to be stopped because some of the contractors were involved in the other issues. Are you not worried that the process of contracting—this goes back to the previous as well as the present Government—has not been able to put in place reliable contract and monitoring mechanisms?

Mr Cameron: Clearly the contract on tagging is not acceptable. That is why there is a proper investigation taking place. The contract was put in place in 2004, as I understand it. As I say, there are examples of good contracting and bad contracting. I think the more general point is that the civil service needs to have more expertise across the piece on this. That is being done. That is part of the capabilities review to make sure that more people are trained in effective in contracting, but clearly this was not acceptable.

Q30 Sir Alan Beith (Chair): That raises a very interesting question about what kind of expertise you really think the civil service has got to have. Chris Grayling talked about the problems in Serco and said that they needed a process of corporate renewal and that there was a “totally unacceptable” culture in parts of the company. What you are asking civil servants to do is to be a kind of business mentoring organisation. In the criminal justice sector you have a small number of companies, perhaps not an adequate market in which to be seeking contracts. Has the civil service really got to develop to the point where it is really trying to sustain and develop the companies because it hasn’t got a reliable sector to contract to?

Mr Cameron: I put it another way: the civil service has got to be good at the process of issuing and monitoring contracts. In doing that it has got to check more effectively the cultural operation of the companies concerned. Those companies concerned—it is doing them reputational damage so they have got to check as well. That is what needs to happen. I think it would be wrong to assume that contractualisation, competitive tendering can’t work. It has been a huge success story, if you think of the money saved and the better services delivered in many, many cases. There are cases where it has gone wrong and we need to examine that.

Q31 Sir Alan Beith (Chair): I do not start from the presumption that it can’t work, but if you have a sector in which a very small number of companies are operating, so the number of bidders are very small, so then the bidding process itself is beset by problems affecting one or two companies, you are really asking almost the impossible of the civil service to manage contracts successfully in that situation. Bear in mind that in the same sector, there is a whole new area of probation and reducing reoffending, which is going to be subject to a similar process.

Mr Cameron: But I would argue, Sir Alan, there are various answers to that. One is that you have got to get more companies and organisations to come into this area. That is where

Francis Maude's efforts to get small and medium-sized enterprises, to make it easier for them to deal with Government—that is part of the picture. Working with the voluntary sector as well, that must be part of the picture. There is a certain amount of expertise change required from civil servants but we also need to try and encourage the sector to develop as well.

Q32 Keith Vaz: One of the most spectacular failures, Prime Minister, was the G4S contract on the Olympics. At the end of the day the Olympics were a great success, but G4S really did let the country down. Should we have a high-risk register, as the Home Affairs Committee recommended, which companies that have failed so spectacularly should be put on and not be allowed to bid for Government contracts? The Chairman has just mentioned G4S on tagging. It really has form. Should we have that register, given the contracts where they have not performed?

Mr Cameron: When there is a serious breach, as there has been on the tagging, you need a proper investigation. If that investigation finds that the culture of those companies is broken in some way then you might need to strike them off other Government contracts. That is currently being considered. In the case of the Olympics, G4S let the country down, as you say, but we put in place—this shows the civil service working well—a very good Cobra system where we reviewed all the vulnerabilities and problems. We were on that problem long before the Olympics started. That is why we upped the support the military gave. That was a good example of the effectiveness of the civil service at helping to plan and organise.

Q33 Keith Vaz: Do you know when the SFO will report back on the referral that has been made by Chris Grayling?

Mr Cameron: I don't think I have the timing. Let me just check.

Sir Alan Beith (Chair): You can write to us later.

Mr Cameron: I will have to write to you. I don't think I have a date. The Ministry of Justice is auditing all the contracts it holds. It will not award new contracts to the two companies unless the outcome of the process is satisfactory.

Q34 Keith Vaz: May I ask you a quick question about diversity? For the first time ever there is no black or Asian permanent secretary in the civil service. It must be a worry for you because you have always supported multiculturalism and diversity. Is it because they are not qualified to be at that level or that nobody applies?

Mr Cameron: It is a matter of regret. I am a great believer that if we want to encourage equality of opportunity it is vital that British black and British Asian people can look into Parliament, the military and the civil service and see that people can get right to the top. This is a real gap. For a recent permanent secretary appointment there was a BME candidate. So there are people getting to the top and towards the top of the civil service who can apply. But this job is not yet done.

Q35 Andrew Miller: The Home Office and criminal justice were split by the last Government and you have left it as two separate Departments. But there are parts of the service that need to link together. You will be aware that our Committee has reported twice on the changes in forensic science where we have moved from national procurements through to

much more local police laboratories and the private sector. We are not criticising that point—*[Interruption.]* I will finish my sentence in a moment.

Sitting suspended for Divisions in the House.

On resuming—

Sir Alan Beith (Chair): Mr Miller, as you were saying.

Andrew Miller: I was touching on the changes that have taken place in the forensic world. It is an unusual service because of course it is originally commissioned by, usually, the investigating officer. It ultimately comes under the Home Office structure and then eventually is the product of the court. There needs to be some joining up, and yet the Minister with responsibility for crime tells us that there is no need for a Government strategy in this area. Is this not another example of a blind spot on the need for cross-departmental working?

Mr Cameron: Surely the question is: are the arrangements for providing forensic science services working? Are police and prosecutors able to get what they want? My understanding is that they are working. Obviously, we have the old Forensic Science Service. The previous Government tried to turn it into a semi-private company, but that did not work out. We had to take the tough decision to run that down, but the competitive arrangements, as far as I understand it, seem to be working okay. And they are saving money as well, I think.

Q36 Andrew Miller: The question we need to answer is whether there is a proper joining up and whether the issues of criminal justice are being properly affected by these changes. Our Committee has said that there are weaknesses in the system, and yet we are told that there is no need for a strategy across the Government—that cannot be right.

Mr Cameron: It depends on whether there really is a problem. Governments can have strategies for everything. Is there really a problem that needs to be addressed, or is the market providing a good service? I have not had police coming to me—I do not know whether you as a constituency MP have—and complaining about inadequate services. I am happy to go away and look to see whether there is a problem, but if there is not a problem, I am not quite sure whether you need to have a strategy.

Andrew Miller: I would be grateful if you would look.

Q37 Mrs Ellman: Prime Minister, you said a little earlier that the west coast main line debacle had revealed problems that had to be put right, but have they been put right? What have you learned about what happened in terms of the civil service and the skills required?

Mr Cameron: I have learned a number of things. First, that the contracting and franchising that was being done by that Department in preparation work was insufficient in some key ways. As I think I have said to this Committee before, it was also disappointing, having asked for it to be looked into, that I did not get the answers that I should have done. We have since held two reviews into this Department and we are implementing what those reviews have found. In terms of the situation today, we now have, as I understand it, a senior officer in charge of every single contract and franchise. The lessons are being learned and the franchising process is starting again. I think we can make sure we learn the lessons of what went wrong. Again, as Prime Minister, you always have to stand back and

ask, “Right, what were the technical problems? Have we solved them?” And then we should ask, “What is the policy and is it the right policy? Is the policy contributing to the technical problems, or is it a policy that should and could be delivered?” The idea of longer-term franchises to get more investment into rail is a good idea and one that I think all parties in the House of Commons would like to see work. We now need to make sure that the Department has the capabilities to deliver that slightly longer contract than we have had in the past.

Q38 Mrs Ellman: But does the Department actually have that? One of the issues was the absence of sufficient commercial skills within the Department. One of the review recommendations was to have an arm’s length body, and that, in fact, has not been implemented. Have the lessons really been learned?

Mr Cameron: All the franchising activity has been brought into one directorate, with clear lines of accountability to the director of franchising. Every franchise competition has a dedicated project director. There is a question that you are asking which is common to a lot of the civil service reform issue: is this expertise and speciality something that ought to sit in one place in government—probably the Cabinet Office or the Treasury—and other Departments can access it, or is it so key to the work of the Department that it needs to be in the Department? The view that we have taken is that franchising for rail services is so central to the work of the Department for Transport that it has to be in the Department for Transport, so we need to tool up that Department so that it can carry out its functions effectively rather than looking at putting it somewhere else. That is the decision we have made, and we have now got to make sure it works. I think we are on track to make that happen.

Q39 Mrs Ellman: But is there a more general lesson to be learned about the need to have the financial skills necessary for major procurements such as rail franchises—there are others, and HS2 is another one—together with the political accountability that is required? Do you really feel that that has been addressed across Whitehall and across Departments?

Mr Cameron: I think the point you make is right. You need both the policy expertise and the financial expertise for something like this to sit in the same place. It clearly was not there for the west coast main line franchise, and a mistake was made. We tried to learn the lessons of that from these reports, and I think we are putting that in place.

Q40 Mrs Ellman: Do you feel confident, not just in relation to rail franchising but in relation to other major procurements, that that combination is there? The financial skills required, and the accountability—

Mr Cameron: Yes, as I said, in some cases what we have done is put the expertise in one place—the Major Projects Authority, the civil service commercial office for contracts, IT expertise—putting it into the Cabinet Office. There are other examples, such as the Government Legal Service and Treasury Solicitors, and Infrastructure UK in the Treasury. Those are areas of expertise that all Departments can draw on. In some cases we have decided to centralise to one part of Government, but in other cases, when it is absolutely key to the Department’s work—such as rail franchising for the DfT—it belongs in the Department. I think that does make sense as an operation.

Q41 Mrs Ellman: And you are confident that the flexibility is there within the civil service as it is organised to bring in the right skills, and to have the appropriate remuneration to bring those skills in as they are required?

Mr Cameron: We are getting there, as I said right at the start in answer to Mr Jenkin. We need to recognise the shortages in the civil service around commercial expertise, contracting, major projects and IT, and we need to fill those gaps—sometimes by hiring outside people, and sometimes through a training programme within the civil service—and we need to put that right. It is still work in progress, but I think a lot of good steps have been taken.

Q42 Mrs Ellman: So you do not have any concerns that there is going to be another major issue because of the absence of correct skills at the right time?

Mr Cameron: As I say, I think we have taken big steps to put in place those skills. By their very nature, if you are going to have these seven to 10-year initial terms, they are complicated franchises and a lot of work needs to be done to make sure that we get them right.

Q43 Mr Jenkin: Prime Minister, you talk about the technical challenges and the policy challenges, but what about the leadership? What went wrong with the leadership in that Department and the oversight of this whole process within the Department, rather than just being another case of a big failure being blamed on two or three officials quite far down the food chain? This seems to demonstrate the tendency to blame a few individuals instead of looking at systemic and leadership failures that lead to all these shortages of skills and these technical problems that have not surfaced properly. It is absolutely telling that this failed in this way.

Mr Cameron: I accept part of that. Mistakes were made in that Department which were examined by these two reports, and it did not simply say that there were just some bad practices in the franchising department; it did go broader than that. I think that with, for instance, permanent secretaries, it is very important that they are properly held to account. That is why for the first time under this Government we are publishing their aims and objectives so that they can be properly held to account by Ministers and also by Committees. That is important.

Sir Alan Beith (Chair): You mentioned rural broadband earlier, and I am going to turn to Anne McIntosh.

Q44 Miss McIntosh: Prime Minister, you mentioned broadband delivery in the UK and 4 million people. You recently had a very nice occasion in North Yorkshire so you will be aware of the terrain there, and you will share my disappointment that about 90% of my constituency will not get fast-speed broadband for the foreseeable future. If you look at the way that the contract was delivered through Broadband Delivery UK, it originally envisaged two contractors competing, BT and Fujitsu, but the way that it transpired means that BT has ended up being the sole contractor. There is therefore the whole question of competition within the delivery and, I have to say, the fact that it has been strongly criticised both by the National Audit Office and in my own Committee's report on rural communities. The delivery of it leaves a lot to be desired. We have been here before and are here again, so is it right that the civil service should be charged with this sort of delivery programme, which is so crucial to the core rural economic strategy of delivering for rural businesses? Let me just remind you,

Prime Minister, that any farm in my constituency has to have rural broadband to apply for DEFRA grants.

Mr Cameron: We could spend a whole session on this. Let me give you my reflections, as Prime Minister, from looking at this project and knowing from my own constituency experience just how important it is. There are definitely lessons to learn about the establishment of Broadband Delivery UK and about the time it took to get the competitive clearances through Brussels. There are definitely lessons to learn.

However, I would say that if you stand back and look at it, we are three years into this Government and when we came to power there was virtually nothing going on in terms of rural broadband. We now have the really realistic target of getting to 95% of premises by 2017 and are looking at how to get to 99% by 2018. As we speak today, the rural broadband programme is reaching 10,000 additional premises every week. Look at the figures: the Government have committed something like £400 million, and that has levered in £400 million from BT and an additional similar amount from local councils. For that money, we are going to be effectively connecting 4 or 5 million homes to superfast broadband.

I completely agree with you: if you are a rural business or a farm, this is as essential as being connected to the road, or, in the past, having access to a railway station. It is absolutely essential for businesses and families to have this connection. I think the programme is working. Of course there are lessons to learn and I read some of the evidence that was given to the PAC. But I think that some of the critics of this programme are slightly unfair, because it really is going ahead and is getting through to people. Yes, of course you can look at the costings and everything else, but industry has done amazing work on getting superfast broadband to more homes by extending the amount of copper wire it can be sent down: we were originally told you had to be very close to the new cabinets, but then we were told you could be further away. So big progress is being made and we should not talk ourselves down like this.

Q45 Miss McIntosh: I just look at the North Yorkshire map and I see that all the dales—Bransdale and Farndale, which is the area I know best as it is my own area—are not going to have delivery. Is there something we can learn from Scandinavia? If you look at the mobile and computer coverage in Sweden and Finland, they have absolutely been ahead of the game in delivering in rural areas. I do not dispute your figures; I think the figures in urban areas—

Mr Cameron: These are not urban areas. The urban area figure is 100,000 premises being connected every week. Nationwide, Britain's record on superfast broadband is good. We can hold our heads up against anyone in Europe, and we have a good record. On rural broadband we also have a good record, with 10,000 premises connected every week. I know Bransdale quite well.

Sir Alan Beith (Chair): We could all get into some detail here.

Mr Cameron: You have to drive 30 minutes to get to the nearest shop, as I know from my own experience. We are going to have to look at the last 1% or 2% and be very creative. Is the answer to have satellite broadband?

Q46 Sir Alan Beith (Chair): Long before you get to the last 1% or 2%, the question is: have you devised a contract that actually allows the contractor to do the things they would have

done anyway commercially rather than focusing effectively on those areas for which public spending is appropriate?

Mr Cameron: You can't have it both ways and say, "Isn't it appalling that we only ended up with one contractor?" but on the other hand say that it is so attractive that this contractor is making lots of money. The fact is that it is difficult to get to the last few percentages, which is what we are doing in rural areas. That is why we put the money in and opened it up to bidders, but in the end BT was the only one that came through; obviously it is more effective for them, because they have so much of the existing infrastructure in already. But the argument that we have really got to have—I know that your Committee looked at this in some detail—is: are we paying a reasonable price for getting these homes connected? I would argue that, if you take a big-picture view of how important this is, this is good work being done.

Q47 Miss McIntosh: If BT is failing to deliver in some areas, would you welcome it putting those into the public domain to allow another contractor to come in and compete?

Mr Cameron: I am not an expert in this. So far, technology—partly produced by BT—has helped us to get to more and more houses. If we get stuck and if this system is not moving properly, we should look at all possibilities, of course.

Q48 Dame Anne Begg: I have some questions on universal credit. I am sure that you are aware that last week the NAO published a highly critical report into the implementation of universal credit. It said that "the programme suffered from weak management, ineffective control and poor governance." It identified that the DWP "particularly lacked IT expertise and senior leadership" and that there was no "detailed view of how Universal Credit is meant to work". Other phrases used in the report were that there was a culture of "good news reporting" and that there was a "fortress mentality". Prime Minister, who do you think is to blame for this?

Mr Cameron: My answer to that question is that everyone has to take their responsibilities—from the Prime Minister downwards. Let us be clear about what we are trying to do here. It is an immensely difficult thing that we are attempting to do: taking a huge number of different benefits and trying to convert that into a single benefit payment, tapered to go with your income so that you are always better off in work, and which will lift hundreds of thousands of households out of poverty and help people who work sometimes only a few hours a week with extra support.

So it is a hugely complicated thing. I have never underestimated that and I do not think that the Secretary of State has either. That is why there has always been quite a long-term plan for implementing it. There have been lots of pathfinder pilot projects and we need to have even more of those. We need to start with the people who are coming on benefits for the first time, rather than complicated cases of people who are getting lots of different benefits, and we need to recognise that, as we go along, there will be lessons to learn. But as far as I can see, everyone who has come into contact with this concept—whether permanent secretaries, the Labour party or experts—is persuaded by the overall merit of the case.

Q49 Sir Alan Beith (Chair): But we are not arguing about the concept.

Mr Cameron: Absolutely, but it is important. The concept is still, I think, widely supported—and rightly so—so we have to work out how to get the implementation right. I think the answer is to be gradual, to be slow and to get it right by using all these pilots.

Q50 Dame Anne Begg: But the Department is already doing that. It has already slowed things down to such an extent that it is now at a snail's pace, but that still is not going to deliver in the time scale. The Department still says that it has the ambition to deliver full roll-out by 2017, but the NAO said that the Government must scale back its delivery ambition and set out realistic plans. That still has not happened, because Ministers were still insisting in the Chamber last week that the original time scale of 2017 for full roll-out was on track.

Mr Cameron: I think what matters—2017 is still some way off—is getting these early stages right, and that is what the Department is focused on. As it says—it answers a lot of questions about this—it still thinks that it can do the 2017 time scale.

Q51 Dame Anne Begg: On the IT that has been rolled out through the pathfinders, the NAO says that the Department still does not know yet whether new IT systems will be required and that that IT might still have to be scrapped. They have already scrapped £34 million-worth of IT; it might be another £300 million-worth. How can the Department get it so wrong so quickly into the process?

Mr Cameron: If you look at the Department's budget, it always had a lot of money for the development of universal credit and, actually, it has not spent all that money. If you are saying to me that this is immensely complicated and difficult, and that it has to go slowly and learn lessons as it goes along, I agree.

Q52 Dame Anne Begg: But it does not seem to be learning the lessons. Simply—

Mr Cameron: Well, I think they are. As you said, it has slowed down the introduction of some of these pathfinders and is taking it quite steadily, so I do not really accept that.

Q53 Dame Anne Begg: So you are still convinced that it can deliver the full roll-out of this immensely complicated benefit, which everybody says is going to be incredibly difficult, by 2017?

Mr Cameron: The Secretary of State was questioned very closely in the House of Commons. It is the Department's position that it is shooting for 2017, but the key thing is getting the early part of the introduction right. The more you can test out, hold pathfinders and get people on to universal credit, and then start to take existing benefit recipients on to universal credit—the more you can get that right in the early years—the more chance you have of hitting your target for total roll-out. My view is that this is a good reform that will make work pay and that is widely supported across politics and other sectors, so we need to get it right, but we should not be religious about timings. We should be religious, as it were, about the overall concept of what we are trying to do.

Q54 Dame Anne Begg: In reply to Margaret Hodge, you said that there is a lack of skills in the civil service to deliver a lot of these large projects, but the civil service has undergone a huge amount of change. Numbers have been cut quite dramatically and many people with a lot of experience have left. Don't you think that that must have something to do with the lack of skills and some of the problems that we are now seeing?

Mr Cameron: I don't, really. This Government had to reduce public spending and cut out inefficiency, and you rightly have to start with the cost of government itself. I gave the example of the Department for Education. I think it is performing well. It is delivering free schools, academies, rigour in exams and all the rest of it, and it is going to do that with half as many people working at the Department in 2015 as were there in 2010. If you look at what we have done on efficiency and reform across the Government, we have already saved £10 billion, which is £600 for every household in the country. You have to do more with less; everyone is having to do more with less. The police are having to do it, public services are having to do it and the Government need to do it. Obviously you do not want to lose key skills as you do that, but from the examples I have given—the Department for Education, but I could choose others—I do not think that that is happening.

Q55 Dame Anne Begg: While everybody agrees on the concept and everybody agrees it is going to be difficult, because you are also trying to cut staff at the same time, is not the difficulty that that concept is never going to be delivered, because the money and the skills to develop that concept are not in place?

Mr Cameron: Except that some of those key skills will be hired from outside—that is part of what will make universal credit work. If you look at the rationalisation of some of the Departments, I don't think there is a connection between not being able to deliver a project and the fact that you have had to rationalise the Department, because Departments should be able to access the skills they need to do the work they have in hand.

Sir Alan Beith (Chair): I want to deal briefly with three more examples before rounding off this stage and moving on to press regulation.

Q56 Keith Vaz: Under your premiership, Prime Minister, you abolished the UKBA, much to the delight of many of us on the Home Affairs Committee, but the permanent secretary said that everyone was in their same job, answerable to the same line manager and conducting the same portfolio. How are you going to change the culture of UKBA, and what is left of it now that it has been merged into the mothership of the Home Office, to make sure that it delivers? Not on numbers—

Mr Cameron: That is a very good question.

Keith Vaz: I know it is a numbers issue, but this is on the structure of immigration control.

Mr Cameron: I think it will be easier to change the culture than sticking with what we inherited. UKBA was an enormous organisation with responsibility for manning the border posts, issuing visas and removing overstayers, and it had quite a lot of policy responsibilities as well. What Theresa May has done, quite rightly, is to split this into effectively three different parts so that now all of them have a clear focus. Once an organisation has a clearer focus, it is much easier to give it effective leadership. The first thing was the creation of Border Force to make sure that those uniformed officers at the border were part of a clear command—part of a clear organisation. That was step one and I think that has helped.

I think the most important thing we're now doing is, as you say, bringing UKBA back in house and splitting it in two. One part is the visas and immigration service, which is about efficient and effective processing of people who want to come to the UK. This is part of our "winning in the global race" argument: we need to make sure that our visa services in

India, China and elsewhere are effective. That is a customer service organisation, as it were, that needs good leadership about how to provide an effective service. The third organisation is immigration enforcement, which is about getting people who should not be here out of the country. You rightly draw a lot of attention to the backlog. That organisation has to have a clear focus. People will be part of that organisation, knowing that their job is to get rid of illegal overstayers and enforce our laws.

Q57 Keith Vaz: Are you happy about these vans going around telling people to leave?

Mr Cameron: Yes, I think it is important to advertise your policies effectively. You can always evaluate afterwards whether they have worked, whether people have called the hotlines and all the rest of it. It is a very big priority for this Government to remove illegal overstayers, to have effective border control and to make our immigration policies work properly. We have reduced net migration by a third, which is a good start, but I want us to go a lot further.

Q58 Mr Betts: We have had quite a lot of discussion about civil service control—or otherwise—of expenditure. Some of the policies in CLG now are taking us into slightly different areas: the guarantees for affordable housing and private rented housing in terms of getting institutional investment in, the new buy scheme and the extension to the Help to Buy scheme. In total, that is about £25 billion being guaranteed by CLG—by the Government. Do you think that civil servants have the skills to manage that new challenge?

Mr Cameron: If I look across DCLG at what it is doing to help promote growth—

Sir Alan Beith (Chair): We haven't really got time to review the scope.

Mr Cameron: When you look at particular housing policies, a lot of those are being delivered by the Treasury, where I think there is the expertise. For instance, the big mortgage guarantee scheme is about Treasury backing. Treasury and DCLG need to work closely together. On the equity part, so far that is going very well. I think 10,000 people want to take part and the scheme seems to be going well.

Q59 Mr Betts: I was asking not about the policy and its merits and successes, but about whether between CLG and Treasury there is the skill in the civil service to manage £25 billion of contingent liability. That is very different from monitoring and controlling day-to-day expenditure. Is that skill there? Was a specific look taken at civil service skills before this policy was embarked on?

Mr Cameron: Between Treasury and DCLG I think there are the skills. I believe the Treasury made some specific hires in order to ensure that they properly understood the dynamics of the scheme.

Q60 Sir Alan Beith (Chair): Not from certain banks, I hope.

Mr Cameron: No. Mr Betts, perhaps I could write to you specifically. I remember discussing this. I think some specific hirings were made to strengthen Treasury expertise in that area. I will be frank: this is definitely a new departure for the Government, getting into guarantees for infrastructure and mortgages. This is all about trying to correct the failures of the financial system and the banking system, which has been weakened by the events of 2008-09. It is a new departure for the Government, but I felt that if we were going to try to build a sustainable recovery it was important.

Q61 Mr Betts: Given the risk involved and the potential that in the end a guarantee can be called in, it would be very helpful to have a note about what was done to try to ensure that the skills were there.

Mr Cameron: Sure, okay; I will certainly do that.

Q62 Miss McIntosh: On flooding, Prime Minister, which I know is a subject close to your heart, with the statement of principles going, on the Flood Re model the Government will be the insurer of last resort, and civil servants will negotiate on very complex technical and financial issues with the ABI and the insurance sector. Do you believe that civil servants and the civil service are best placed to conclude those highly sensitive negotiations, which in the form of a levy could pass on quite a large sum to individual householders?

Mr Cameron: I think we will need to look very carefully at that. There is a full-time Treasury official who is part of the DEFRA team. Such officials bring experience of both the insurance industry and the wider regulatory requirements of financial conduct and all of that. That is exactly the sort of area where you need to examine whether the skill set you have is all that you need. The Minister for Government policy, Oliver Letwin, has played a huge role in helping with this negotiation process and has brought a lot of experience from his former life as an investment banker. Yes, you do need to ensure that you hire in the right people. I think that in this case this Treasury official will help, but we should keep this under review.

Q63 Miss McIntosh: Are you concerned that the forecast levy has already gone up from the figure that was given to the Select Committee in evidence to what the ABI is now saying it might be?

Mr Cameron: We are still at the level of “might be”. What we have done, really, is just extend the previous agreement for longer with an agreement to negotiate an outcome. That now needs to be negotiated. My constituency, like yours, is affected by this. I take a close personal interest in this, but it is good that we have got to the step of extending the current agreement and we now need to put in place its proper replacement.

Q64 Mr Jenkin: Prime Minister, it does not in the least surprise me that the advice you have been given in reaction to our report is to try to dismiss it as quickly as possible, because—

Mr Cameron: I was not given any advice. This is my own view I am afraid. That probably makes it worse.

Mr Jenkin: I rather suspect that it is the advice—

Mr Cameron: In the end, you are given lots of advice, but then you have to make a decision.

Q65 Mr Jenkin: It is a very difficult conversation to have with a large organisation to confront it with the need for much greater and more radical change. The first reaction is always denial. I am afraid that you have demonstrated that today. It is part of the bias to inertia. Just looking at all the examples we have had—carrier aviation, west coast main line, G4S, rural broadband, universal credit, UK Border Agency—what is the pattern? Why do you think that it takes so long for Ministers to be told the truth about what is going on? Why does the truth not get to Ministers until it is all going wrong? It always happens. We say in our report that this system of accountability has become the antithesis of truth to power, because

the truth never gets through until it is too late and it is all going pear-shaped. It happens time after time. Does that not tell us something? What does it tell us about the state of the civil service?

Mr Cameron: I have two points. Let me paint an alternative picture for you. Crossrail is on time and on budget. The Olympics were brilliantly delivered. There was a fantastic civil service effort to deliver a really successful G8 conference. Pensions have been reformed. There has been massive public spending reduction and reform of the civil service. The National Citizen Service has gone from nought to 100,000 young people in just four years. Free schools have been set up from nowhere. I have been very clear in this session that there are civil service and ministerial failures and there are civil service and ministerial successes. We need to build on the successes and learn from the failures.

As I have said, I do not rule out your big reform plan, but I am interested in getting things done. That is what this Government are here to do. We are here to turn the country around and give us a chance of success. What would bring about inertia is if we stopped and had a giant investigation of civil service reform. I think you are wrong about something, which is that civil servants actually love talking about civil service reform.

Q66 Mr Jenkin: Who says you need to stop?

Mr Cameron: I think it would stop for this reason, which—

Q67 Mr Jenkin: Because?

Mr Cameron: Because if you had an inquiry like that, a lot of the senior civil service would down tools and spend their entire time watching and looking at this great reform programme.

Q68 Mr Jenkin: Why would they do that?

Mr Cameron: If you let me explain, I will answer the question. It is because it is a fascinating subject. If you suddenly have someone doing a review into your job and your—

Q69 Mr Jenkin: Do you mean that they have not bought into your reforms?

Mr Cameron: No, you are not hearing me. Right—

Q70 Mr Jenkin: Why would they stop the reforms if they agree with them and support them?

Mr Cameron: The reforms are being delivered. Have you noticed, Bernard, that when the House of Commons discusses something to do with the House of Commons, it is quite full? We all love talking about our own job. I think we might get quite a lot of inertia if we have a big inquiry into the future of the civil service. I think the civil service might focus on that rather than on the reforms I want to put in place.

Q71 Mr Jenkin: But they would not be conducting the review? It would be conducted—

Mr Cameron: It would be of considerable interest.

Anyway, I have set out that I think a civil service reform programme linked to a Government implementation action plan is what I am interested in doing in the next two

years. Part of the reason for these Committee meetings is to understand my focus. That is what my focus is.

Q72 Sir Alan Beith (Chair): You said something very interesting then about Parliament talking about its own reforms. In the last Parliament, Parliament did talk about reforming itself. It set up a process to put together a series of reforms. At the end of the last Parliament and the beginning of this one, the reforms were put into action, hence major reforms to the Select Committee system, for example, and many procedural reforms that have been really beneficial. You passed legislation that gives Parliament a five-year term—a longer horizon. Is that not the opportunity to have a programme of reform ready that can then last for a reasonable period of time, which is not part of your understandable desire to get various things done, which, quite clearly, any Government want to do? Think about it.

Mr Cameron: Of course, I think about these things all the time. I do not rule it out. Right now, I think it is better to complete the process of civil service reform and ally that with a real focus on implementation and delivery. The advantage of a five-year Parliament is that here we are in 2013, and of course we are all thinking a bit about the next general election, but we are not obsessed by it. If we were in a normal, non-fixed-term Parliament, I think we might be. The good thing about this Parliament is that here we are in 2013 really thinking about how we deliver in 2014 and in 2015. I want that to be the focus of my Ministers and of senior civil servants.

Q73 Mr Jenkin: Short term.

Mr Cameron: No, long term. The things we are putting in place—the free schools programme is a massively long-term programme. The pension reform that this Government have done is a massively long-term programme. We were talking about the aircraft carriers: that is a huge investment for the long term of Britain's defence.

Q74 Mr Jenkin: Prime Minister, the “One Year On” plan, right at the end, says that they still need to have a vision, a long-term plan for the civil service to deal with culture and behaviours in the civil service. They haven't started on that yet.

Mr Cameron: I simply do not accept that.

Q75 Mr Jenkin: They haven't started.

Mr Cameron: Well, I just don't accept that. I think that the culture of the civil service has changed, is changing and needs to change more, but you do not need to stop the process. This is about leading the civil service effectively, having a Government who know what they want to do, having clear reform programmes that the civil service is putting in place, and learning from mistakes when they happen. You can do that on the job. Now, at some stage, I accept—

Mr Jenkin: No big organisation can do it on the job. That is the evidence that we have taken—

Q76 Sir Alan Beith (Chair): Order. You know the view of the Liaison Committee, Prime Minister, because we have expressed it previously.

Mr Cameron: I do, and obviously it has been a lively and interesting exchange.

Sir Alan Beith (Chair): We have not stopped pressing it upon you, but I turn now to Mr Whittingdale.

Q77 Mr Whittingdale: Prime Minister, I want to turn to another area where there has been a very big inquiry over many months and at great cost, and that is the inquiry conducted by Lord Justice Leveson. It is now nearly six months since you moved a motion in the House of Commons welcoming the agreement by all three main parties on a draft royal charter and stating that you intended to submit the motion to the Privy Council in May. That did not happen, and no date has yet been set for the Privy Council to consider Parliament's royal charter. Why not? When do you expect that it will be considered?

Mr Cameron: The reason we have not put the cross-party charter to the Privy Council is because we have to follow the correct processes and we have to listen to the legal advice. The processes and the legal advice have said that we have to consider the press-drafted charter first. That is under way at the moment. Obviously I am not sitting on that committee, so I have to be careful what I say, but I have said in the House of Commons before that I think the press charter has some things to recommend it, but it is deficient in some key respects and I think that that is a problem. We need that to be dealt with.

To be clear, I remain committed to the cross-party charter, but I want to make the point that some progress has been made because the press are starting the work of setting up their regulator. Now, I hope that they set it up in a way that is consistent with seeking recognition from the recognition body that will be established, but that is up to them. Some progress has been made. I agree with you that it has been slow and that that is frustrating, but we have to follow the right processes.

Q78 Mr Whittingdale: Many people have suggested that the alternative PressBoF royal charter was a delaying tactic and that there was actually very little chance of a successful judicial review ever being mounted. Why did you not go ahead and test the legal opinion that you were given and when do you actually expect that a royal charter, approved by Parliament, will be in place?

Mr Cameron: I listened to the legal advice and it seemed to me that the right thing to do was to follow the correct processes so that the press charter could go in front of the Privy Council. As I say, that has to happen. I cannot give you a date for when all this will be concluded, but I am clear that I want us to get on with the cross-party charter. Obviously it is disappointing that the press are currently saying that they want nothing to do with the cross-party charter, because when you actually look at the differences between the press charter and the cross-party charter they are not massive. I hope that everyone will see sense and that we will find a way of having a charter that is in tune with Leveson and that the press can work with, but we are not there at the moment.

Q79 Mr Whittingdale: Okay. As you said, the press have gone ahead and are in the process of establishing the independent press standards organisation, which will comply with the terms of the PressBoF charter. You have said previously and have confirmed again this afternoon that you think that that version has serious shortcomings. Can you say what those shortcomings are?

Mr Cameron: Yes. The basic problems are that what has to be there is independence of appointments and funding, a standards code, an arbitration service and speedy complaint handling, and the power to demand upfront, prominent apologies and to impose fines of up

to £1 million. Those are the things that are vital. Some of them are there, but not all of them are there, and I think it is important that they are there. That is where we are.

Look, it is frustrating that this is taking time, but it is worth just standing back for a moment and looking at the overall situation. The Leveson report made good recommendations, and the only weakness of it was that it required legislation, which, as I said, crossed a Rubicon of writing down press regulation into law. I did not want to cross that Rubicon, because the legislation could be amended in future and I thought that that was worrying. That is why the royal charter is a good route. It is a way of entrenching something without Parliament being able to unpick and rewrite it and without that Rubicon being crossed.

The problem is that, having not crossed that Rubicon, we are taking quite a long time to put in place this royal charter approach, and even as we do so, we do not actually have a situation where the press will take part. That is the situation as it stands. Is it impossible to get to a situation where a decent charter is put in place and the press comply with it? No, it is not impossible. It is what we have to shoot for. You know this area as well as anybody.

Q80 Mr Whittingdale: But you said in March in your speech in the House of Commons that if we established a regulatory system in which the press would not participate, “we would have been part of an exercise in grandstanding and something of a charade”. We now, as you have said, have a position where it appears that almost all the press will sign up to the IPSO body established under the press’s royal charter, but almost none of them will sign up to a body established under Parliament’s royal charter. Is that an acceptable outcome?

Mr Cameron: No, it is not a good outcome. Let us say, for the sake of argument, that the Privy Council finds that the press charter is deficient in independence of appointments, how the code committee works and the use of arbitration—the things I have mentioned—and that that charter does not go through. If the cross-party charter then goes through and the press decide to set up their regulator but not seek recognition, we will not have completed the job, and that will be very frustrating. I really believe that the combination of a royal charter and a press self-regulatory body that seeks recognition from that charter, and so puts in place what Leveson had in mind, would be a good outcome. We would not have crossed the Rubicon of legislation, but we would have done right by the victims who Leveson rightly spoke up for.

What is frustrating is that we are so nearly there, but we have this impasse. The press charter has problems with it, but the press will not take part in the cross-party charter, so we are at an impasse. The Government have to make the best endeavours to put the all-party charter into place and see whether a resolution can be found. We just do not have one at the moment.

Q81 Mr Whittingdale: But as you just said, the differences between the press’s version and Parliament’s version are not enormous. There are some significant differences, but in the main they are pretty similar. Surely it would be sensible to sit down with the press, who have indicated that they may be willing to make amendments, and thrash out an agreement that will command the support of the victims, of Parliament and of the press.

Mr Cameron: As you say, the problem is that if you go back in the history of this, the charter that my party was prepared to sign up to was probably somewhere between the press charter and the cross-party charter. I am not really the problem here, as it were.

Remember that the cross-party charter is a cross-party charter, so leaders of all parties would have to agree to any amendment to it. The press have produced their own charter. They have not yet come forward and said to anyone, as far as I can see, “Look, here are the things that are really wrong with the cross-party charter and make it difficult for us to sign up to.” That conversation has not taken place. We are at this impasse.

Q82 Mr Whittingdale: The press have said what they object to in Parliament’s royal charter, and you have identified the areas in the press’s charter that you do not like, but those two could be brought together, if you just discussed it.

Mr Cameron: They are some way apart. It was an important part of Leveson that there was an arbitration system, that there were prominent apologies and that appointments were independent. Those are important issues, but what I am trying to say is: how do we solve this problem?

Q83 Sir Alan Beith (Chair): Are you still personally engaged with it?

Mr Cameron: I am, as you can tell. I think about it a lot, but at the moment we are stuck. To be clear, I am committed to the cross-party charter. We all signed it, we agreed it and we should progress it, but it would be good if we could find some way for everyone to see that it would be better if we ended up with a cross-party charter that the press seek recognition with. It is a cross-party issue, so it is something that all party leaders must address.

Q84 Mr Whittingdale: So despite your close personal attention and your genuine concern about it, we are stuck and you do not see any way out of it.

Mr Cameron: We are not stuck, because there is a process. The press charter will be considered. As I have said, I must not pre-empt those discussions, but I have explained its deficiencies. The cross-party charter would then be considered if the press charter went, and I would expect it to be adopted. I hope that the press would seek recognition of their new self-regulatory body from that charter. They say at the moment that they will not do that. There are a number of ways in which this can be resolved. At the moment I don’t see a way in which it will be resolved, but I am always open to suggestions.

Q85 Keith Vaz: Are you surprised at the number of blue chip companies that have employed private investigators who have broken the law? Are you surprised at the volume?

Mr Cameron: The stories that I have read in the press are striking, and I have been following the discussions between your Committee and SOCA. As I have said publicly, hacking is against the law. It is a crime and the police and prosecuting authorities should follow the evidence wherever it leads. We have an open justice system in this country, so people should assume that they can read about such things in the newspapers. But as I understand it, it is a slightly different question between your Committee and SOCA because of agreements entered into.

Q86 Keith Vaz: Indeed. When you met John Whittingdale, Sir Alan Beith and me in your rooms and you announced Leveson, you promised Leveson parts 1 and 2, and said that part 2 would not start until part 1 was over. Given the fact that the prosecutions will last a number of years, and given all the information about private investigators, do you think it would be sensible to start Leveson 2 as soon as possible, but not taking formal evidence? In all these

public inquiries, there is the gathering of information, and the scoping of what is to be done. If we wait until the end of all the prosecutions, it could be well beyond the next election.

Mr Cameron: I think what we have said is that it should wait until after the prosecutions, and I do not see any particular reason to change that view, but there is always an argument to be had. That is the clearly stated intention: Leveson 1, then prosecutions, and then the second part. That is the idea and the plan, and I have not changed it.

Q87 Keith Vaz: And you promised legislation on private investigators by 2014. The legislation is already on the books and everyone seems to agree that regulation is important because there are too many examples of rogue private investigators, although many investigators do a good job. Could we bring that forward as everyone is in agreement? The problem with doing it in the autumn of 2014 is that it might be lost in the wash-up before the general election.

Mr Cameron: The point was that we were waiting for Leveson to opine on the issue, but in the end he didn't. That is part of the reason for the delay. We have now said that the Security Industry Authority will begin the new regime in the autumn of 2014. I see no reason why, given that there is cross-party agreement, that should not go ahead, so I think we can stick to that timetable.

Sir Alan Beith (Chair): Thank you, Prime Minister. We look forward to seeing you later in the year.