



Public Administration Select Committee

Oral evidence: Whitehall: capacity to address future challenges, HC 669

Tuesday 27 January 2015

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Members present: [Mr Bernard Jenkin](#) (Chair), [Mr Nigel Evans](#), [Paul Flynn](#), [Mrs Cheryl Gillan](#), [Sheila Gilmore](#), [Kelvin Hopkins](#), [Greg Mullholland](#), [Mr Andrew Turner](#)

Questions 346-504

Examination of Witness

Witness: **Sir Jeremy Heywood**, Cabinet Secretary, gave evidence.

Q346 Chair: May I welcome our guest to this session on Civil Service skills and future challenges—our two inquiries that we are currently undertaking? We have also one or two other housekeeping things to deal with. In that respect, I wonder if we could start with something on the Chilcot Inquiry and its progress, which we have discussed with you before. I should ask you to introduce yourself for the record.

Sir Jeremy Heywood: I am Jeremy Heywood, Cabinet Secretary and Head of the Civil Service.

Chair: I should also add that I want to try to get you out of here by 4.30, for your convenience, so if we can be as brisk as possible, excellent.

Q347 Paul Flynn: You were principal private secretary to Tony Blair for four years prior to the decision to go to war. To what extent have you been responsible as Cabinet Secretary for delaying the Chilcot process?

Sir Jeremy Heywood: I do not think I have been responsible for delays to the Chilcot process. It is for John Chilcot himself and his inquiry team to explain the delays. The role I played was a relatively limited one, which was to act in line with the role given to me by the protocol that was agreed between the inquiry and my predecessor and the then Government. That role is limited to deciding where there is a dispute between Government Departments and the inquiry as to which documents that the inquiry wants to publish should indeed be published alongside the inquiry's final report.

Q348 Paul Flynn: The *Daily Mail* reported that “Sir John Chilcot complained his inquiry was being stalled because the Cabinet Secretary was seeking to block the release of correspondence between Tony Blair, Gordon Brown and George W Bush”. Is that untrue?

Sir Jeremy Heywood: I do not believe it was stalled. There was a disagreement and discussion between Departments and the inquiry as to whether certain very sensitive documents, which previously would never have been contemplated for publication, should indeed be published, as he wanted to. That issue came to me for resolution in line with the protocol that was agreed, and over the passage of weeks we resolved that to his satisfaction.

Q349 Paul Flynn: Has the Chilcot Inquiry criticised your role in the decision to go to war? Are you subject to the Maxwellisation process now?

Sir Jeremy Heywood: I am not subject to the Maxwellisation process and therefore do not know what the Chilcot Inquiry will conclude.

Q350 Paul Flynn: You have not seen the conclusions.

Sir Jeremy Heywood: No, I do not see it. The letters have gone to those people who are subject to the Maxwellisation process, and nobody else.

Q351 Paul Flynn: What was your role at that time? Could you describe what you were doing?

Chair: We are not here to conduct the inquiry; we are here to ask about the inquiry.

Paul Flynn: Okay.

Sir Jeremy Heywood: I have answered that question before, Mr Flynn, as you know.

Chair: Yes. I do not think you need to answer it.

Q352 Paul Flynn: The inquiry has gone on for a very long time now. This Committee and its predecessor held an inquiry into inquiries and did a special report urging that the Chilcot Inquiry be set up; this is going way back in 2008-2009. The delay has been unexpected and has gone on at least for four years. What lesson do you take from this for this and for future inquiries—into Helmand, for instance?

Sir Jeremy Heywood: First, let me say that like everybody else I am very frustrated, and you are right to raise the question. To be honest, when the inquiry finally does publish, we will need to talk to John Chilcot and his team and the secretariat to see what insights they have got on that question, but nobody expected it to go on this long. Clearly, at the time it was set up, the then Prime Minister thought it would take about a year; the expectation was it would be towards the end of 2010 or 2011. It has gone a lot longer than anybody conceived of, and we do need to learn the lessons from that. Clearly, there is a great deal of concern about that, and I well understand that.

Q353 Paul Flynn: There was no provision made in the original arrangements to replace someone on the inquiry who was incapacitated. Is there likely to be a further delay if that event occurred?

Sir Jeremy Heywood: I honestly do not know, Mr Flynn. It is an issue for John Chilcot to define the expectations around when this will be published. Clearly, there is a whole range of considerations that could have lain behind the long delay—the unexpected delay—and we will want to try to understand that for the future lessons, as you imply.

Q354 Paul Flynn: This original Committee suggested that Parliament should conduct its own inquiries as an alternative to the model used in Chilcot. It has been

suggested now that Parliament should subpoena the Iraq inquiry report and take all the necessary final steps to get it published before the election. Is this possible?

Sir Jeremy Heywood: I do not know what is legally possible or not. This is a matter for the House to debate on Thursday, if I am right. I would not recommend that, because, no matter what the delay and the frustration people have about it, it is very important that the final product is accepted by everybody to be comprehensive and complete.

That is one of the reasons why I approached the question of declassification of documents with a bias towards transparency, and you will see a very open approach to the release of Cabinet minutes, the Bush-Blair memos and all those sorts of issues that were previously being disputed and held back by Departments. Having waited this long, it would be a mistake now to rush it at a point where all those people who are subject to criticism did not have the opportunity now to exchange in whatever way they wished to with the Chilcot Inquiry.

Q355 Paul Flynn: Sir John Chilcot requested the declassification of 130 records of conversations and around 30 notes and papers from 200 Cabinet-led discussions. How many have been released?

Sir Jeremy Heywood: As I am sure you know, every single document has been released to the inquiry. The inquiry has seen everything they want to see. That may be one of the issues: they have had such a voluminous amount of documentation. In terms of what is published, John Chilcot will publish what he wants to publish. There has been agreement on that.

Q356 Paul Flynn: It will be a small fraction of that total that will be published. Were you involved in deciding that certain documents have to be held back?

Sir Jeremy Heywood: All I can say is I have reached agreement with him on what should be published. It will be, basically in their entirety, the Blair-to-Bush memos, the Blair side of the conversations with very few redactions.

Q357 Chair: But were you involved in discussing particular documents?

Sir Jeremy Heywood: Absolutely. I have been trying to find a way through concern amongst the Foreign Office, the Americans, the security services and our lawyers on the one side, and the inquiry on the other. My job under the protocol was to try to find a resolution of that, and I think I have done so, as I say, with a bias towards transparency, in a way that has left John Chilcot and his inquiry entirely satisfied, as I understand it.

Q358 Paul Flynn: Could you tell us what your considerations were in deciding what documents should be published? Was your main consideration the feelings of the loved ones of the 179 brave British servicemen who were ordered to their deaths in pursuit of non-existent weapons of mass destruction, or was your prime consideration relationships between Britain and the United States?

Sir Jeremy Heywood: There were nine considerations set out in the protocol for why documents might not be published. As I approached it, my presumption was maximum transparency, for precisely the reason you have said—because people have the right to understand completely what happened and what the lessons were, and if the Chilcot Inquiry is to have the credibility that everybody wants it to have, it needs to be comprehensive and transparent. I approached it from the point of view of maximum transparency, but you have to take into some account the views of the intelligence

agencies, our foreign relations and so on. Those are legitimate considerations. I think everybody recognises they have to be weighed in the balance. As I say, we have ended up in a very transparent position, I think.

Q359 Paul Flynn: In a letter to David Cameron, it was said: “I am pleased to record that since I last wrote the inquiry has reached agreement with Sir Jeremy on the publication of 29 of Mr Blair’s notes to President Bush, subject to a very small number of essential redactions, alongside the inquiry’s final report”. What was the consideration for those redactions?

Sir Jeremy Heywood: There are a very small number of redactions, which are really about non-Iraq issues: comments made about other Governments, international relations or references to the intelligence agencies. They are not material to the Iraq content of the documents.

Q360 Paul Flynn: Why will certain documents not be published?

Sir Jeremy Heywood: Those documents will be published.

Paul Flynn: But all of them. There are others that will not be published at all.

Sir Jeremy Heywood: The 29 that were requested will be published.

Q361 Mrs Gillan: Before we move on to the next section, Sir Jeremy, can I just ask you one thing? I understand the inquiry was established in June 2009; it was originally thought it would take 18 months. Do you have an audit trail of interventions that have been made at regular intervals to find out what the delay was?

Sir Jeremy Heywood: I am not sure we have literally written down every time—

Mrs Gillan: Who was chasing up on this?

Sir Jeremy Heywood: There is a balance to be struck here. Clearly, the Prime Minister, the Deputy Prime Minister and everybody inside Government has been keen to see rapid progress on this, as is on the public record. Equally, it was important that the inquiry should be independent of Government and not feel itself to be subject to governmental pressure.

I would not say we have kept an absolute audit trail of every phone call, every chase and so on, because it is an independent inquiry and it is not the Government’s job to be chivvying and chasing them and putting pressure on them, but you can rest assured that the Prime Minister and the Deputy Prime Minister have both been very clear that they wanted this inquiry to be done as quickly as possible, and that message has been communicated.

Q362 Greg Mulholland: Sir Jeremy, are you saying that the Maxwellisation process that is believed to be going on here is not the reason for the delay—in other words, that those being criticised in the report are not the reasons for this being delayed?

Sir Jeremy Heywood: As I say, I do not want to speak for John Chilcot; it is up to him to explain.

Greg Mulholland: I am asking you to tell us what you know.

Sir Jeremy Heywood: My understanding is that that process is currently under way.

Greg Mulholland: So, Maxwellisation is happening.

Sir Jeremy Heywood: Yes, but it is not complete. Therefore, in a literal sense, that is one of the reasons why it cannot be published today: because that process is under way.

Q363 Chair: Is it true that some of the letters only went out this month?

Sir Jeremy Heywood: I cannot comment on that.

Q364 Greg Mulholland: Sorry, I am not asking about the process. I am asking you: is the reason for the delay that those people who are criticised in the report—and some people clearly will be criticised—are using this tactic to stop the report being published? Is that why we are not having this report before the general election?

Sir Jeremy Heywood: What I would say is that the expectation was, as has just been said, that this would be completed by the middle of 2010 or the end of 2010.

Q365 Greg Mulholland: That is not an answer. Can I get a straight answer to a simple question? Is the reason for the delay that those people who are being criticised in the report are deliberately delaying this because of criticism in this report?

Sir Jeremy Heywood: It is not for me to explain why this thing has been delayed by four or five years beyond expectation.

Q366 Greg Mulholland: So you will not deny that that is what is behind the delay in the report.

Sir Jeremy Heywood: What I will say is at the moment that process is under way. One of the reasons why you could not publish it literally tomorrow is that that process is currently under way.

Q367 Greg Mulholland: So you are not denying that those people who are criticised in the Chilcot report are deliberately seeking to delay the report being published.

Sir Jeremy Heywood: I am certainly not saying that they are deliberately trying to delay it.

Greg Mulholland: But you are not denying it, either.

Sir Jeremy Heywood: I do not know; I have not spoken to them. I do not know who they are. In good faith, they are no doubt considering what has been said about them and trying to reply within a reasonable period of time. I do not know whether that is deliberate delay or, rather, an attempt to respond to criticism that has been put to them, which is a fair process that is now widely recognised as a legitimate part of any inquiry.

Q368 Chair: Sir Jeremy, you are not accountable for the conduct of this inquiry and we are not trying to make you accountable, but we are asking you what you think. Do you suspect that the inquiry is being deliberately delayed? Have you got any evidence to suggest that?

Sir Jeremy Heywood: I have got no evidence to think that anybody who is in receipt of a Maxwellisation letter is deliberately trying to hold this up. The one or two people I know who have received them because they just happen to have told me they have received them are as keen as everybody in this room to see this process brought to a

conclusion, but they feel they have got the right to look at what has been said about them and respond within a reasonable period of time. I do not regard that as a deliberate delaying tactic; that is just a reasonable period of time that people have got to respond to criticisms. In the end, the inquiry will have to decide what it wants to decide.

Chair: In any case, we have taken far too long to get to this point.

Q369 Greg Mulholland: I am conscious of time, Sir Jeremy, but just to follow that up, there will clearly be huge suspicion that that is the case, which you would no doubt acknowledge. Why do you not agree with the suggestion that has been made that there should be a narrative verdict—an interim report—soon, before the general election, which makes no criticism of anybody else, so it is not affected by the Maxwellisation process, but at least will mean the people of this country will finally have the basic facts laid before them and will be able to make up their own minds? Why would you not support that to get around that very great suspicion about this?

Sir Jeremy Heywood: To be honest, that is an issue you need to address to John Chilcot. It is for him to decide.

Q370 Greg Mulholland: But do you not agree that it would be sensible, because you acknowledge the suspicion?

Sir Jeremy Heywood: I do not know how easy it would be, frankly, to disentangle an objective factual record from implied criticism of certain individuals. That might end up being a vast amount of work by the time you have disentangled it.

Q371 Chair: If the Prime Minister wanted to do this, how do you think you would be obliged to advise him?

Sir Jeremy Heywood: To be honest, I would have to take advice from John Chilcot as to whether it was in the realms of the practically possible in the next few weeks to take the work they have done, put it to one side and start afresh on a different thing altogether, which is a factual narrative from which you try to disentangle any opinion about what individuals have done over a nine-year period. I think it would be frankly very difficult to do that within a month or two, and that could well end up putting back yet longer the eventual conclusions of this thing. But if that is what people wanted us to explore, then we would have to look at that.

Q372 Mr Evans: Sir Jeremy, it has taken so long, this inquiry, that at one stage I had to remind myself what the Chilcot Inquiry was all about. The Prime Minister is unhappy; Tony Blair is unhappy. Everybody wants it to be printed as quickly as possible. Therefore, will you be making any recommendations about the future conduct of inquiries so that they are never allowed to drag out for several years in the future?

Sir Jeremy Heywood: I will definitely want to talk to John Chilcot, the secretariat, the rest of the panel and anybody else who has got an opinion to see what lessons can be learned when we eventually get the thing, but right now everybody should focus on just trying to get this thing completed as quickly as possible. Diverting them on to trying to produce a different sort of report at short notice, or trying to do a lessons-learned inquiry before the thing is even finished, would simply be distracting.

Chair: This Committee takes a proprietorial interest in the Chilcot Inquiry, because our predecessor Committee helped spawn this inquiry. We are not happy with the way it has taken so long. The Leveson Inquiry was set a deadline, and there might be other procedures

that could be imposed on these inquiries in order to make sure that they happen much more quickly in the future, otherwise long grass really turns out to be so long, for the convenience of those who might be criticised. Sheila Gilmore, preparations for the next election.

Q373 Sheila Gilmore: Indeed. That is one deadline that is fast approaching. One does not believe everything one reads in tweets, but the political editor of the *Daily Mirror* on 21 January said this: “Told by a civil servant that Whitehall staff are gaming 11 different election result scenarios”. More seriously, what do you think you have learnt from the 2010 situation in terms of the possibility of coalition or some other form of arrangement?

Sir Jeremy Heywood: That is an interesting question. We are not doing scenario-planning along those lines. Our real focus, as you might imagine, is completing the work of the current Government. Having said that, we are beginning to turn our minds to what preparation will be required for post-May and for spending reviews and other things that will happen post-May, as part just of our normal planning. I had Gus O’Donnell in to talk to permanent secretaries a few days ago, just to pick his brains and remind ourselves of what went well last time and what went less well.

Effectively, the Civil Service has to prepare in the same way as always, which is to look at possible scenarios and make sure we understand each party’s manifesto and make sure we understand what the priorities would be very early on. The Civil Service’s role in coalition negotiations, if that is what it comes to, or anything else around that, is very small. It is largely logistical. It is up to political parties to decide what their programmes are, and if it gets to a position where no party has got an overall majority—who knows, but that is one of the scenarios, clearly—that will be matter for the parties themselves to discuss amongst themselves. The Civil Service does not have a role in coalition negotiations as such.

Q374 Sheila Gilmore: Can I just stop you there? There was strong suggestion that the chapter of the Cabinet Manual that was prepared—or was in preparation, to be accurate—before the 2010 election that dealt with this sort of situation was used to some extent in terms of some of the decisions about the order in which things happened and so on. Have matters moved beyond that? The Cabinet Manual has been published since then. Have you moved beyond that, or is that basically the framework that you will be using?

Sir Jeremy Heywood: There was a draft Cabinet Manual before the election and there is now a finished Cabinet Manual, if you like—a final version of it. The Cabinet Manual does nothing other than codify what people’s understanding is at a point in time about what the rules and precedents and procedures are. That is the current state of thinking about how things will operate, but it does not bind future Prime Ministers or future political leaders. How they operate is shaped by a whole range of events, including the Cabinet Manual. It is not a document that constrains people; it is just a record of where the current state of understanding is. As such, it is probably the starting point for how I would expect things to pan out if there was not a clear majority at the next election.

Q375 Sheila Gilmore: Civil servants did provide some support during the course of the coalition negotiations.

Sir Jeremy Heywood: Limited, yes.

Sheila Gilmore: And in the 2010 scenario, I suppose we were primarily dealing with three parties. Would you be offering the same kind of support if there were multiple parties having talks?

Sir Jeremy Heywood: The support that we offered was largely logistical—making sure there were rooms available if people needed them—and we are on hand to answer factual questions about costings and so on. Those facilities would be available—that is what the Civil Service is there for—but we try to stay out of the coalition formation or other discussions that there might be.

Q376 Sheila Gilmore: Is there a point prior to the election when, as a Civil Service, you would stop supporting the coalition Government and leave the parties to deal with matters themselves?

Sir Jeremy Heywood: On Government business, we work for the Government of the day, through to the point at which it stops being the Government of the day. Most normal forward-looking Government business will stop on 30 March when Parliament is dissolved, but if important Government business needs to be attended to during the election campaign itself, then we will continue to support the Government. At the moment it is essentially Government as normal, and therefore we are supporting the coalition.

Q377 Sheila Gilmore: Do you think the fact you have a coalition Government with two political parties who are going to be campaigning quite separately—quite rightly—creates any problems for that period?

Sir Jeremy Heywood: It does not really create problems. It has taken a bit of getting used to, but there is still a significant programme of parliamentary legislation to get through. There are still Government meetings; there is still Cabinet, as I have had today—

Q378 Chair: I do not think that was quite the question. The question was: in post-election negotiations, does the fact that you have already got two of the parties in Government alter the balance of the equation?

Sir Jeremy Heywood: You are talking about the post-election negotiations, are you? Sorry; I misunderstood, Chairman. Well, let us see. It may well cause complications, but I do not immediately see what those would be. The same principles would apply. The Civil Service would not get involved. One party may just be the majority Government, in which case these issues do not arise. We may have coalition negotiations involving one or other or more parties. We may have minorities trying to discuss confidence-and-supply arrangements. There could a full range.

What the role of the Civil Service in relation to each of those possible scenarios will be I do not know, but I would guess it will be relatively small, because it is the democratic process that needs to decide which political party or parties are in power. Our job is simply to support and facilitate through factual advice, logistics and so on.

Q379 Sheila Gilmore: One of the criticisms of the process in 2010 made by some people was that it was too rushed and that, as in other countries, it should have been perhaps longer. That would mean that you would still have a Government, which is actually a Government of two parties, operating. How would the Civil Service deal with that if that was a lengthy and prolonged period?

Sir Jeremy Heywood: That is a difficult question. It did not feel too rushed to me. Frankly, from a Civil Service perspective, from a continuity-of-Government perspective, the shorter the period the better. It may not be possible, but it did not feel to me too rushed, in the sense that the coalition came into being in a fairly smooth way—it seemed

to me, anyway—with a pretty clear programme that was very quickly the programme of the Government. It did not feel as though it was too rushed.

If it is too extended a period, then you have to go longer as a country before significant issues can be addressed and so on, because in that interregnum period you cannot bring forward a Queen's Speech or pass a Budget or those sorts of things. In principle, the shorter the better, but it will take as long as it takes, and I cannot control that.

Q380 Chair: There is one material thing that changed with the Cabinet Manual. In 1974, when it became clear that Ted Heath could not form an Administration, he tendered his resignation to the Queen even though it was not known whether Harold Wilson, his successor, could form a maintenance-and-supply agreement with another party. Now it looks as though, until an alternative Government is ready to take over, the incumbent remains in office. Is that correct?

Sir Jeremy Heywood: That is what the Cabinet Manual codifies as current thinking. If you talk to constitutional theorists, they will all support that position. But as I say, this is not binding on future Prime Ministers, so we will just have to see what happens. Yes, from a point of view of continuity of Government and keeping the Queen out of political controversy, that felt like the right thing to do last time. I think everybody broadly agreed with it. It was uncomfortable, I think, for Gordon Brown, because he got criticised for “squatting” in Number 10, but that was the position that went ahead.

Chair: A terrible hardship.

Sir Jeremy Heywood: I thought it was very unfair—but anyway, there we are. That is the position that is now reflected in the Cabinet Manual, and we will see what happens next time. From the perspective of continuity of Government, as I say—

Q381 Chair: How do you think the Fixed-term Parliaments Act will affect the chemistry of these discussions?

Sir Jeremy Heywood: I do not think it really plays much of a role at all.

Chair: That is interesting.

Q382 Mr Turner: The Prime Minister is there; the Deputy Prime Minister may have decided he cannot play with the current Prime Minister. Does the Prime Minister stay and the Deputy Prime Minister and his cohort disappear even though the Prime Minister has not got a majority?

Sir Jeremy Heywood: All these things are unpredictable in advance, but if you believe the Cabinet Manual, people stay where they are until the new Government is ready to be formed.

Q383 Chair: But the Deputy Prime Minister could resign and leave the Prime Minister in caretaker office.

Sir Jeremy Heywood: He could do. As I say, the Cabinet Manual does not bind people's hands. Politicians will have to make their own decisions at that point.

Chair: I will try not to get too excited at the prospect.

Sir Jeremy Heywood: Ministers stay Ministers until they are removed from office by the Prime Minister.

Chair: Okay. Moving on to our inquiry on Civil Service skills, Cheryl Gillan.

Q384 Mrs Gillan: We are interested in pay and skills and training. There have been lots of comments on the levels of pay. Back in 2013, the NAO felt that “the latest moves to increase pay flexibility and offer incentives for business critical roles may not be enough to recruit, motivate and retain the right people” and the CBI has commented on the terms and pay and conditions of civil servants that they are not currently attractive enough to attract the expertise and the best possible people into the top jobs. I wondered what you think about the pay. Are you attracting the right people into the Civil Service in terms of their skills and their expertise?

Sir Jeremy Heywood: Overall, pay levels are okay. If you look at our surveys of staff opinion, people are increasingly concerned about pay and benefits, but I do not think it has reached critical levels and I do not think we are out of line with what is happening in the private sector, if you like. In the Senior Civil Service and the leadership roles, in general the Civil Service still pays enough to recruit and retain good people. I am very happy with the quality of the people we have got at the top of the Civil Service and in the next layer or two down. But in certain specialist areas—particularly commercial and digital—we struggle to recruit at what you might call the standard minimum levels at which we bring people in. We are having to pay above our minimum to get good enough people into some of those specialist areas. There are other niche professions, like data science, for example, where we are struggling. So, I would say there is an issue in certain specialist areas, but not overall.

I do not want to sound complacent here. I took over as Head of the Civil Service in September. I have spent a lot of time on this issue since then, trying to get much better data. One of the themes of this inquiry has been whether we have enough data. We definitely do not have good enough data at the moment, and that is something that I am dedicated to improving. On the data that we have managed to chisel out over the last few months, it is pretty clear to me that overall we do not have a recruitment and retention problem, but we do in those specialist areas.

Q385 Mrs Gillan: Are you convinced you are using the Civil Service to the best of its ability right across the board? For example, do you have a large number of civil servants on gardening leave?

Sir Jeremy Heywood: I am not aware that we have a large number on gardening leave. We have processes to go through before we make people redundant, but I am not aware that is a big issue.

Q386 Mrs Gillan: Are you worried about the economy picking up and that being the catalyst for a large number of people moving on into the private sector?

Sir Jeremy Heywood: It is something we need to look at very carefully. At the moment, when I say we do not have a recruitment and retention problem, I say it partly because I look particularly at the highest-performing civil servants in the highest Civil Service job levels: directors-general, directors and deputy directors. I look at the most talented in that group, and our turnover rate—our resignation rate—amongst that group of people whom I am very keen to keep is down below 3% per annum, which is a very low attrition rate for your stars. It is something I look at on a monthly basis, as you would

imagine. It is on my dashboard. If that starts to tick up, that would be one point of concern.

If I find that we are getting fewer applicants per place in the Fast Stream or the people we want to join the Civil Service Fast Stream are accepting better offers from somewhere else then I start getting concerned. We have a series of indicators that we look at, which I hope are reliable. We have our annual indicators of morale and engagement and so on. We have got quite a complicated dashboard that we are putting in place now. I think we will begin to see a pattern if one emerges, but right now I am not seeing that pattern—except, as I say, in the commercial and digital areas.

Q387 Mrs Gillan: How are you finding leadership in the current Civil Service? John Manzoni thought that more needed to be done to develop leadership skills. I wondered what your view was on the current leadership and what you would like to see change.

Sir Jeremy Heywood: We can always improve. It is great having John Manzoni on board; that is a further addition to our leadership strength. The main priority in that area right now is to agree a leadership statement, which we have been working on now for several months, which defines what we mean by brilliant leadership in the Civil Service. That is not just in an abstract sense, but in the sense of what is a good leader in the Civil Service of the 21st century—not just at the very top of the Civil Service, but right the way through down to the line manager in a Jobcentre or someone who has got one member of staff working for them.

So, what do we mean by leadership? We have had a huge exercise right across the Civil Service trying to ask that question and get staff input, ministerial input and senior permanent secretary input into that. We are, in the next few days and weeks, I hope, going to finalise that. That will then become the definition that we use to drive through the right behaviours and the right skills, through our training systems, through our appraisal systems, through our promotion systems and so on. That is what we are focused on. You will take it from that that I am not complacent about leadership. We have got a very good set of permanent secretaries now. They have got very good relations with their Ministers and they are on the ball. But can we do better? Of course we can.

Q388 Mrs Gillan: What about the training that you mentioned? What is your evaluation of Civil Service Learning and how it is delivering for training-up?

Sir Jeremy Heywood: It has made a pretty promising start. You will know this because you have taken evidence from a lot of the relevant experts: it only does a bit of our training. It does about a third of the Civil Service's training. It does the more generic, volume training. It does quite a lot of online. It produces online resources and so on. It does that job much more efficiently than what we had before. It gets incredibly good feedback: North-Korean-style feedback—97% satisfaction and so on—which I am a bit sceptical about.

Q389 Chair: We were told that some people do not turn up at the courses because they are called back to head office.

Sir Jeremy Heywood: They must be the 3% who do not approve. We are trying to get better, more reliable measures of whether people really get value out of the training courses they go on—face-to-face or online—and whether their managers, having let their member of staff go off on a training course, see a difference when people come back to work. We are trying to get better metrics to evaluate its success but, on the face of it, it

does very well. But it is only one part of the picture. It is not the answer to some of the more complicated, bespoke training in the areas we are most concerned about: commercial, leadership and digital.

Q390 Mrs Gillan: John Manzoni supported the idea of a new Civil Service training academy. I am not convinced that we threw the baby out with the bathwater when the whole system changed. I just wanted to know whether you think that that is also the case, and whether you think, for example, that officials are getting the right sort of training on matters European or, say, risk management, both of which seem to be large gaping holes, as far as I can see, at the moment.

Sir Jeremy Heywood: I do not think they are large gaping holes at all.

Mrs Gillan: Perhaps it is unfair to describe them that way. They appear to be thin on the ground in terms of the training offered in those areas.

Sir Jeremy Heywood: I have not done a thoughtful review. I saw Nick Macpherson has sent you a letter on risk management and the Treasury certainly offers a wide range of risk management courses. We probably do need to increase the number of people with European skills in the Civil Service, because if you look at the strategic challenges for the next period, Europe is definitely one of them.

Q391 Chair: That was a casualty of the closure of the National School of Government.

Sir Jeremy Heywood: It may have been a casualty of that—I am not sure—but the Foreign Office are putting a lot of resource into a language training centre and a diplomatic excellence academy and so on, so we are definitely rebuilding in that area. A lot of it is about on-the-job training as well.

Q392 Chair: How do you account for the collapse in the numbers of civil servants who want to go and work with the European Commission and the European institutions?

Sir Jeremy Heywood: I do not know. It is a good question. We are doing what we can to address it by having more seconded national experts, for example, and trying to resolve some of the practical problems people have when they go and work in Brussels and want to come back into Whitehall.

Q393 Chair: But there simply are no longer courses that educate young civil servants about the opportunities that there are.

Sir Jeremy Heywood: I do not think it is true to say there are no courses.

Chair: Fewer.

Sir Jeremy Heywood: The general point I would accept. Alongside commercial, digital and all these other things, we do need to keep an eye on mainstream skills like knowing how to succeed in Brussels.

Q394 Mrs Gillan: Is it not true to say that if you do not have sufficient training in this area and sufficient people with the knowledge and expertise to interface with the Commission and with the European Union, you are reducing the efficacy of the British position within Europe anyway, just at a time when we need to be renegotiating our position? We have weaknesses.

Sir Jeremy Heywood: It definitely is better for there to be more British people and people who understand Britain in the Brussels institutions, without any question at all. It has been one of my personal priorities, working well with Ivan Rogers and Tom Scholar, to build that up. It is quite hard work, but we have put in place a new unit in the Cabinet Office to centrally fund a significant increase in the number of seconded national experts, precisely to deal with this problem. The long-term solution is to try to get more British people to apply to the European Fast Stream and to get more people to pass the exams, and that is a tricky problem, because these exams require several different European languages and there are not as many people in Britain who have got those multiple different continental European languages in which they are fluent.

Q395 Mrs Gillan: Are we learning from our failures across the board with training and where the holes have appeared and what the problems could be? Is there an area within Government and within officialdom that is responsible for looking at this, or does it come under your—

Sir Jeremy Heywood: I would not call it learning from failures in this particular area. We are trying to improve the way we learn from failure generally. I do not regard this as an area of failure, but it is an area where we need to do better. What are we doing? The thing I would highlight is that we have got these new functional leaders: Bill Crothers, who runs the commercial function; Mike Bracken, who runs the digital function; and Julian Kelly, who runs the finance function. We are asking these functional leaders—it is one of John Manzoni's big drives—to really consider what is the generic training course or development level that each individual civil servant needs to have in the commercial area and how many deep commercial specialists we need. We are looking through what you would call a functional lens at whether we are putting the right training courses on, whether we are hiring in the right experts, and so on, function by function by function. Something like Europe is an issue for myself, Simon Fraser, Tom Scholar and Ivan Rogers.

Q396 Kelvin Hopkins: We hear time and again that there may be problems but everything is really okay, and yet I have a feeling that it is not okay. I come from a previous generation; I am older than almost everybody here. When I was a university student in the 1960s, the plum job was to get into the Senior Civil Service—assistant principal grade—and be a life civil servant and go to the top. Only the very best academic students got in. Now, I have a feeling that that is not the case, and that the attractions of the City, where people can earn vast sums of money, are drawing away people who might otherwise have gone into the Civil Service. Is that a factor?

Sir Jeremy Heywood: I am sure that there is something in what you say, but I would say the Civil Service Fast Stream still attracts a remarkably high percentage of the most talented people you are talking about. It is still seen as a very prestigious course, or entry point, and the Civil Service is regarded as one of the best places in the country to work.

Quite a lot of people, if you look over the last five years, have turned away from the financial rewards of the City and come to work in the Civil Service precisely because they think it is a much more interesting place to work, it is much more fulfilling, they have got much more, if you like, social interest, and they believe in the public service ethos. I think we can sell ourselves as a great place to work, and all our staff surveys show that

75%, 80% and sometimes 90% of people really love the jobs they are doing. We do not pay as well as the City, clearly, but we are more diverse and we can offer better work-life balance, but, fundamentally, really interesting work. We are still attracting the best and the brightest.

Q397 Kelvin Hopkins: It would be interesting to compare the relative salaries of entrants in the 1960s to now. Setting that one aside, you say things are okay now; turnover, churn and all that sort of thing seems to have calmed down, but we have been through a period of serious cuts in numbers. Has there not been a loss of senior civil servants to early retirements as numbers were cut? There has been churn, too rapid promotion and not enough experience in particular jobs; the institutional memory has been lost in some cases. All of that has damaged the Civil Service in a way that perhaps did not happen in the past.

Sir Jeremy Heywood: Clearly, we have lost some people. Turnover was quite high in the first part of this Parliament as we were cutting down. We have cut the Civil Service by about 17%, so clearly we have lost some corporate memory and we have lost some good people. The point I was making was that if I look at the most talented people, judged by where we score them on our talent matrix, those people are not leaving in droves at all. Fewer than 3% per annum are leaving. What I am saying is we are managing the workforce reduction in a way that is continuing to retain and attract the most talented of the group. Clearly, we have got to manage the headcount reduction in a way that means we do not lose corporate memory. I believe we have done that.

Q398 Kelvin Hopkins: What about that other point about people staying in jobs long enough to become really good and get experience—having judgment, skills, knowledge and all of that—rather than being moved on too quickly so that, just as the Department is developing skills, it is suddenly broken up and new people come in? Is that a factor in recent problems?

Sir Jeremy Heywood: That is a criticism I hear a lot, particularly from Ministers. I share it completely. There has been too rapid turnover, particularly at senior levels. We have established a presumption that permanent secretaries will now stay in post five years, and, frankly, I would like to see more senior civil servants staying longer in post. We have had a particular problem, as this Committee knows, with people becoming the senior responsible officer for a major project and then, after three years, leaving to get promoted somewhere else. We are trying to strongly discourage that by saying, “You should stay with the programme as long as the programme lasts, and we are going to give you a pay increase in-post rather than you having to get promoted out of the job if you want to get a pay increase.” We are trying to address that. In specific areas we are trying to strongly incentivise longevity.

Q399 Kelvin Hopkins: One final question about the public service ethos, which you have mentioned. Is it made clear to civil servants when they are recruited that you are in a world where the public service ethos matters? It is not just about pay, promotion and status; it is about serving the state and serving the public, and you are different from people in the private sector.

Sir Jeremy Heywood: Very much so. As a new thing we have just decided to do recently, I am going to write to everybody who joins the Civil Service making that very point. As Head of the Civil Service, I just feel as though I ought to welcome them into the Civil Service and remind them of the values of the Civil Service and that they are joining a

tremendous institution. We are already doing it as part of induction, but we will certainly be double-underlining that point in the future.

Q400 Chair: We had a tremendous session with the new Chief Executive, John Manzoni, last week. He was very clear about pay. He says the pay issue has got to be addressed, and the NAO and the evidence we have got suggests that the pay freeze does not restrain pay; there are ways of getting round the pay freeze so virtually everybody gets an increase. Are you going to back him on pay flexibility? That is what he wants in order to provide the Civil Service with the skills he needs.

Sir Jeremy Heywood: John and I are totally at one on this.

Chair: Excellent.

Sir Jeremy Heywood: We do not need a generalised increase in pay in the Civil Service.

Chair: No, that is not what we are arguing for.

Sir Jeremy Heywood: We need more flexibility so that in specialist areas, like commercial and digital—

Q401 Chair: Who is stopping it, then? What needs to change in order to get that flexibility in the system?

Sir Jeremy Heywood: The priority in this period has been maintaining the fiscal discipline and maintaining the 1% pay policy.

Q402 Chair: Can he make a decision about this? Whose permission does he need?

Sir Jeremy Heywood: In the end, it is a matter for Ministers to decide how Civil Service pay is going to be constrained in the next Parliament.

Q403 Chair: Is it just the Chancellor of the Exchequer who stops it?

Sir Jeremy Heywood: This is a matter for the whole of the Cabinet.

Chair: The Prime Minister, then. But you will advise the Prime Minister that he has got to back his new Chief Executive, presumably.

Sir Jeremy Heywood: We have got to strike the right balance between the need to continue to keep the fiscal deficit down and to keep administrative costs in the Departments down, and the need to recruit and retain with the right flexibilities. I am sure that will be the decision for the next Government.

Q404 Chair: On leadership training, again, John Manzoni pointed out we have got a Major Projects Leadership Academy; I would point out we have got an NHS leadership academy and we have got other leadership academies. He is asking, “Why do we not put them all into one academy?” It begins to feel like we are recovering what we perhaps should not have lost when we abolished the National School of Government. Will you back him on that?

Sir Jeremy Heywood: In principle, I am interested in the idea of a leadership academy. If he comes forward with a clear proposition on that, then I am sure we will take it very seriously, but it will not be reinventing the National School of Government.

Chair: Understood.

Q405 Greg Mulholland: Sir Jeremy, just turning to the issue of how the Civil Service deals with risk and uncertainty and planning for it, we had a very interesting session with Sir John Day, the Head of the Joint Intelligence Committee, on 9 December. He said to us: “Each Department has its own horizon-scanning policy-development machinery. If I were to identify the first risk, it is that this work is stovepiped and inconsistent.” Is the first risk not that we are falling into the trap of talking ludicrous jargon and management-speak, which, frankly, only helps the management consultants—presumably American ones—who delivered it? Why can we not have more straight-talking and use English language that people, including members of this Committee, can clearly understand?

Sir Jeremy Heywood: I cannot speak for John’s language there, but most people in the Civil Service understand the phrase “horizon-scanning”.

Q406 Greg Mulholland: Do you have strategies for horizon-scanning and stovepiping in the Civil Service? That is the impression we are getting.

Sir Jeremy Heywood: The point he was trying to make, I think, was that in many individual Departments there are pockets of people doing work on future thinking—horizon-scanning; strategic planning; whatever you want to call it—but his view was, and certainly my view is, that those people do not join up.

There can be some people in the Treasury doing work on demography and there can be people in the ONS and there can be people in the MOD and they are not really sharing their expertise. What we did quite early on was to bring together the work that was going on in the different Departments to make sure that any common themes were identified and any gaps were exposed, and then we would commission work in those areas of gap. I do not think there is any great obstacle in the language here. Most people seem to understand what we mean by that.

Q407 Greg Mulholland: So you tell your very large team to make sure they are not guilty of any stovepiping. Do you send out memos?

Sir Jeremy Heywood: I have a very small team in this area.

Greg Mulholland: But you have an over-arching role, so is stovepiping something that people are deliberately told to avoid in the Civil Service?

Sir Jeremy Heywood: I do not think I have ever used the phrase “stovepiping”.

Q408 Greg Mulholland: It seems fairly common in our documents. There is a serious issue here—the concerns about a lack of cross-departmental working. I do not know why you need to talk about “stovepiping” to say Departments clearly should work together when it comes to looking at risk. Do you think there is adequate cross-departmental working—integration—when looking at risks and threats that we are facing as a nation?

Sir Jeremy Heywood: On risks, we are pretty good. We have the Civil Contingencies Secretariat in the Cabinet Office, which works on a series of risk identification documents. We have our forward-look that is produced every quarter for Ministers, looking at where the risks and errors are on these sorts of issues. We have got the national risk assessment, and so on. That is done on a very co-ordinated basis with a central secretariat of the Cabinet Office helping Departments by co-ordinating that work.

Where there has been less co-ordination in the past, and therefore more risk of things falling between cracks, is in the more uncertain areas—policy challenges of the

future—as opposed to identifiable risks. As I said earlier, I do not think we have always brought together the specialists in particular Departments and worked out whether, first of all, there are any inconsistencies and, secondly, whether there are any gaps. That is what we have tried to do with a very small horizon-scanning secretariat in the Cabinet Office, and they have started to make a difference.

For example, we have done some very useful work on taking the emerging technologies work that the business Department and the science teams have identified as the biggest opportunities, if you like, in the technology space, really asking each Department whether or not they have thought adequately about the Internet of Things or the opportunities created by big data—or the threats and dangers of big data. Having a systematic discussion across Whitehall, not just in particular stovepipes, as to whether or not the Department of Health or the Department for Communities and Local Government have really thought about the opportunities there has been a useful, systematic exercise.

The danger with all this horizon-scanning work is that it stays in a very specialist cell and the people who have to advise Ministers on policy never think about it—they are never challenged to think about it. One of my jobs is really to make sure that we do not just think about the in-tray, but we think about what the in-tray might be 10 years' time, and we get ahead of these issues rather than just waiting for them to hit us in the face.

Q409 Chair: What is interesting in that answer is that you say there are people who are tasked with resolving these gaps and deficiencies that fall between Departments. Where do they sit?

Sir Jeremy Heywood: The people who may be tasked with filling the gaps may well still be in Departments, but the controlling, commissioning brain, if you like, is in the Cabinet Office as part of our horizon-scanning team.

Q410 Chair: What we tend to find is that Number 10 and the Cabinet Office is weak and Departments are strong, and that unless there is a stronger centre, able to manage the co-ordination between Departments, to resolve the conflicts, to fill the gaps and to require the gaps to be filled, and to explore for the unintended consequences of one departmental policy on another, then this is what tends to happen. It is reinforced by the budgeting run by the Treasury, which tends to be very Department-specific. Where are the people who are ultimately responsible for making sure that Departments do fill the gaps?

Sir Jeremy Heywood: That comes together underneath me. I have got this Cabinet Secretary's Advisory Group, which is a group of permanent secretaries.

Q411 Chair: How many people are there?

Sir Jeremy Heywood: In the Cabinet Secretary's Advisory Group? About eight or 10 of us.

Chair: It is quite thin, is it not?

Sir Jeremy Heywood: Underneath that, we have a secretariat.

Q412 Chair: Just 10 people provide all the briefs and analysis to Ministers to enable them to discuss these things in a formed way rather than just to discover them.

Sir Jeremy Heywood: That group is overseeing the work of both Departments and a small central team.

Q413 Chair: But if papers originate from Departments, they will be departmental papers; they will not be Cabinet Office papers.

Sir Jeremy Heywood: Not necessarily. For example, on big data, my group met on the basis of input from Departments and concluded that no one was really taking this issue as seriously as some of the best and biggest private-sector companies, and therefore the hypothesis was that there was a gap. I put together a group under one of my deputies, Melanie Dawes. She convened a group of people, involving people from the Government Digital Service, the Office for National Statistics and various other places around Whitehall, and that met several times over the last year and has really scoped out eight or 10 projects that illustrate how you can use big data. We are building up from that. It does not require all the people to be employed by the Cabinet Office to get some very serious work done.

Q414 Chair: I do not know any business that would try to run it that way.

Sir Jeremy Heywood: With respect, Mr Chairman, it is a perfectly reasonable thing that we do all the time in the Civil Service just to assemble a group of people from Departments and do some cross-departmental working. You do not have to create a new Department.

Q415 Chair: But they tend to be working for their Departments, not for the Government as a whole. Is that not one of the challenges?

Sir Jeremy Heywood: I do not accept that. If you pull together a group of civil servants and give them a cross-cutting task to work out, they are perfectly capable of working to that common task.

Q416 Chair: Who in the Government has overall responsibility for cross-departmental systemic risk and radical uncertainty?

Sir Jeremy Heywood: I do not think there is one person responsible for such a broad scope of things as that.

Q417 Chair: Is that not part of the problem of why things get missed? We have been told we missed how quickly Ebola was going to spread. We missed the escalation of the Russian crisis. We tend to miss things that we should not. We missed the global banking collapse, even though people knew about it and were talking about it.

Sir Jeremy Heywood: I think that just illustrates. The idea that one person is going to be in charge of spotting the global banking crisis or Ebola—

Q418 Chair: Who is accountable?

Sir Jeremy Heywood: In the end, this comes underneath myself as Head of the Civil Service and the Prime Minister as head of the Government.

Q419 Chair: Who was the Cabinet Secretary at the time? We should just blame him for the global banking collapse.

Sir Jeremy Heywood: I am just saying you cannot have one person responsible for the global banking collapse and Ebola and—

Q420 Chair: I think I have made my point. There is a case for stronger machinery and more analysis and assessment, to be untrammelled by departmental perspectives and departmental accountabilities, is there not?

Sir Jeremy Heywood: I definitely agree that we are only at the start of a process of strengthening our central capability, but I do not think it all has to come into a big central unit. I do think we have got to get used to the idea that individual Departments can second people into a team and they can work to a cross-cutting task without having to leave their home Departments.

Q421 Paul Flynn: We have been seeking examples of horizon-scanning that have been successful and were better than looking into a crystal ball. The replies we have had have been very disappointing. Can I give you one? Yesterday in the White House a quadcopter, which is a form of drone, was found. It was not weaponised with an explosive or a radioactive weapon, but it well could have been. There is this great concern now of the availability of drones, which could be used at nuclear power stations; a few of them could be used to down commercial airliners. Is there any sign that you are focused, or any of your other horizon-scanners are focused, on the dangers of drones?

Sir Jeremy Heywood: Not specifically on the dangers of drones, but we have got a good strand of work on autonomous vehicles.

Q422 Paul Flynn: The answer is no, I think. There is a meeting at 5.00 tonight in this place that I commend to you when you finish here about drones. The risk is a very serious one, and there it is. You do not need the example; it was in the White House yesterday it was discovered.

Sir Jeremy Heywood: I am sure that somewhere in Whitehall there is an expert on drones.

Paul Flynn: I doubt it very much from the evidence we have had. You should have a look at the long silences we had when we asked people to give us examples of brilliant pieces of horizon-scanning. Berlin Wall. Arab Spring. Where were they?

Q423 Chair: I think we have to accept our limitations. There is one final matter, which I very much regret having to raise. I raise this not in any sense of a personal criticism of you—or, indeed, of the Prime Minister—but to try to understand what is going on in Government. It is about the special advisers code of conduct and how it is being applied and interpreted. I wrote to the Prime Minister on 7 January 2015 and you kindly replied, and I am grateful for your reply. In the letter, I pointed out that the special advisers code is unambiguously against special advisers going canvassing, and you responded and said words to the effect that the purpose of the code is to make sure resources are not spent on party-political activity and that it is okay if special advisers undertake canvassing in their private time on the telephone so it is not in public.

We have taken further advice on this matter from Speaker's Counsel and he is still very clear that your interpretation takes much too narrow an approach. He suggests you return to the express and general prohibition on canvassing in Article 19 of the code. It does seem to me, and to him, that this is a re-interpretation too far. Indeed, the prohibition on canvassing is repeated in the contract of employment: "Special advisers must not take part in national political activities, which are: [...] canvassing on behalf of a candidate for the institutions or on behalf of a political party". That seems perfectly clear. I am reminded of what was in the Ministerial Code in 2010. The Prime Minister said he wanted "to rebuild confidence in our political system [...] after the scandals of recent years" and that "we must be different in how we think and how we behave", "transparent about what we do" and

“determined to act in the national interest, above improper influence”. Indeed, your own code of conduct makes clear how you should be advising the Prime Minister on this matter.

There is no doubt that canvassing is prohibited by the SPADs code and their contract of employment, and as Head of the Civil Service and Cabinet Secretary you are the person to whom the entire Civil Service looks up to set the standards and moral tone of the organisation that you lead, but you have obviously come under some kind of pressure to give alternative advice to agree with Ministers—and I have found some Ministers agree and some do not—that special advisers can be ordered to do political canvassing. This flies in the face, for example, of a memorandum put out by Laurence Mann, who is one of the most senior special advisers. In 2013, he said: “Special advisers cannot do anything which identifies them publicly, so you could not do telephone campaigning”. The article that this is quoted in says the guidelines were changed, but when Chris Cook from the BBC put in an FOI request to ask for these new guidelines, first the Cabinet Office said “it would cost too much to find this advice”. They said, “It will take us in excess of 3.5 working days” to locate the information, which does not seem to be in the interests of openness and transparency.

I have spoken to many special advisers, Cabinet Secretary, and they do not object to canvassing in principle. What they do object to is being told to do something that they think is contrary to their code of conduct and their contract of employment. You have interpreted the meaning of the code to be the opposite of what it says.

Sir Jeremy Heywood: I do not believe that to be the case. I have not had the opportunity of discussing this with Speaker’s Counsel or seeing the written advice he might have provided, but the interpretation I, my staff and our lawyers have placed on this is different. First of all, we do not regard this as a legal matter; we regard it as a matter of interpretation, guidance and precedent. Secondly, we do not interpret the word “canvassing” in the way that you have done so in that opening.

Q424 Chair: What is your definition of “canvassing”?

Sir Jeremy Heywood: We have been guided very much by the more detailed advice that is given to special advisers at the time of the general election and in local elections, where it makes quite clear that telephoning in private time from party headquarters when no public resources are being used is acceptable. That is as plain as plain can be in the guidance from the last general election campaign.

Q425 Chair: Article 22 of the code requires a special adviser to resign before taking part in an election campaign. There is no exception from canvassing in private time in the code. It is not what it says.

Sir Jeremy Heywood: We just simply disagree about that. First of all, can I make it clear I have not been put under any pressure on this? This is our advice. We believe it is consistent with previous practice and the spirit of the code and what the code is intended to achieve, which is to protect official resources from being used for party purposes. It is clear that that is the purpose of this provision.

Q426 Chair: Is this an illustrative example of how politicians and civil servants now expect the business of Government to be conducted? The word “unlawful” was given to us by Counsel; he said this was an “unlawful” direction, to instruct special advisers to go canvassing. Is this how we expect Government to be conducted now?

Sir Jeremy Heywood: Absolutely not. Frankly, he did not ask me about any instruction to special advisers; I was only asked to comment on what we meant by the special adviser code, and I have given you in good faith what I and my advisers—legal advisers—all believe to be the case. The principle that we are trying to uphold here is a very important one, which is that special advisers should not be paid for by the taxpayer to do party work. That is the very important principle. We are trying to protect public resources from being used for party purposes. That seems to me to be a very clear principle, and it is one that I will staunchly defend against all comers. Frankly, I just very strongly disagree with your remarks on the influence—

Q427 Chair: What legal advice have you taken about the matter, given that this is a code that is laid before Parliament?

Sir Jeremy Heywood: I have not taken formal legal advice, because we do not regard it as a formal legal matter. It is a matter of interpretation of the special advisers—

Q428 Chair: But if you are going to interpret what is a legal obligation in the contract of employment of special advisers, about which they have expressed their unhappiness to me, are you not obliged to take advice? It says in the Civil Service Code, first, “You must comply with the law and uphold the administration of justice”; it says, “You must provide information and advice, including advice to Ministers, on the basis of the evidence”; and it includes that “you must take due account of expert and professional advice”.

Sir Jeremy Heywood: I believe I have done that.

Chair: “You must not ignore inconvenient facts or relevant considerations when providing advice.”

Sir Jeremy Heywood: I certainly have not done. In clear conscience, I have given the best advice, based on my expert advisers and myself. It is fully consistent with the approach taken in the previous Administration, and it is consistent with the wording of the special adviser code. Any suggestion to the contrary I utterly reject.

Q429 Chair: I hear your vehement denial, but can this Committee ask you to take legal advice on this matter and, until such time as you have taken advice, either change the code immediately to omit canvassing and seek the consent of all the special advisers to change their contracts—because that is what it would require—or advise Ministers that the SPADs code says they cannot go canvassing: they cannot canvass on the telephone, full stop? That is what the code says.

Sir Jeremy Heywood: I hear what you say and I will take advice, but I am very confident that the advice that I have given the Prime Minister on this is correct.

Q430 Greg Mulholland: Sir Jeremy, I am not a lawyer, but I do not need to be a lawyer to understand this very clear point in the special advisers code of conduct. 20(ii) clearly says: “If they wish to take part in a general, European or by-election campaign, or to help in a party headquarters or research unit during such a campaign, they must first resign their appointment.” No caveats; no differences to the rule. The simple reality is, is it not, that the Prime Minister was entirely wrong to tell a special adviser to go and canvass in a by-election, because that advice was telling a special adviser to breach their clear code of conduct? That is a clear fact, is it not?

Sir Jeremy Heywood: No, I do not think it is a clear fact. I have not got that paragraph in front of me—I do not know if my staff have got it—but it goes on to say if you have not resigned—

Q431 Greg Mulholland: I have just read it to you, Sir Jeremy. “If they wish to take part in a [...] by-election campaign [...] they must first resign their appointment.” Are you seriously saying that that is not what it says when I have just told you what it says?

Sir Jeremy Heywood: I have not got it in front of me.

Q432 Greg Mulholland: Are you seriously saying that somehow there may be a caveat that I cannot see in this code that means the Prime Minister was not asking, as he very clearly was, a special adviser to breach the code of conduct by going and campaigning in a by-election, which is specified in this term? If you carry on doing that, do you not feel that you are bringing your role into disrepute?

Sir Jeremy Heywood: No, I do not. I do not have the document in front of me, unfortunately. That is the only point I was making. In relation to by-elections, the guidance is not completely explicit, I agree. In relation to general elections—

Q433 Greg Mulholland: Sir Jeremy, with respect, you now have it in front of you. I would ask you to read it. I would say to you—and I would ask any lawyer in the country to disagree—that that is explicit. It says, “If they wish to take part in a [...] by-election campaign [...] they must first resign their appointment”. No caveats; no possible ways that they may do that.

Sir Jeremy Heywood: That is not our interpretation of private telephone calling—

Greg Mulholland: How can you interpret something—

Q434 Chair: Can I just return to Article 19? “Involvement in politics in a private capacity: national political activities” is the heading. “Special advisers must not take part in national political activities, which are: [...] and canvassing on behalf of a candidate for the institutions or on behalf of a political party.”

Sir Jeremy Heywood: Yes. As I said, this comes down to the interpretation over years of what it means by “canvassing”.

Chair: But how is that subject to interpretation? I have not found a single lawyer—and I have consulted other lawyers—who places your interpretation on this.

Q435 Mr Evans: It is a re-writing, is it not?

Sir Jeremy Heywood: No, I do not believe it is a re-writing. It is the way this has been interpreted over many years and was interpreted explicitly in relation to the general election guidance and in relation to local election guidance.

Q436 Chair: Why not just change the code? Why not just say, “Minister, we had better just change the code, because people will not understand how we have interpreted it”?

Sir Jeremy Heywood: I think it is pretty clear how we have interpreted it, which is to say that if it is private telephoning from a party headquarters in your private time—

Q437 Chair: But this is all in public now anyway. “Involvement in politics in a private capacity.”

Sir Jeremy Heywood: We have interpreted the word “canvassing” to be a public activity.

Q438 Greg Mulholland: Going back to the section I raised, Sir Jeremy—and I am afraid that you are simply ducking this—it clearly says, “If they wish to take part in a [...] by-election campaign [...] they must first resign their appointment”. A special adviser was asked to take part in a by-election campaign without resigning their appointment. It is that simple.

Chair: The whole point of a telephone-canvassing campaign is to make contact with the public.

Sir Jeremy Heywood: The guidance that has been used by previous Administrations in relation to general election campaigns, local elections and, we believe, in relation to—

Q439 Chair: Could you check that? I do not think that previous Administrations—

Sir Jeremy Heywood: That is what my experts have advised that the custom and practice has been: that the word “canvassing” in this context means public canvassing.

Q440 Mr Evans: You have re-written the code, so would it not be better to properly re-write the code?

Sir Jeremy Heywood: We do not believe we have re-written the code, but clearly—

Mr Evans: It needs to be explicit.

Q441 Chair: In your letter, you suggest that perhaps the code should be altered and it will be altered at some future date.

Sir Jeremy Heywood: I have simply said that if people feel it is not clear enough, then we should clear it up.

Mr Evans: It is clear. That is the problem.

Sir Jeremy Heywood: What is clear is that the intention has been—in line with previous practice—that special advisers should be allowed, in their private time, to make phone calls from party headquarters, but not to take part in a public election campaign.

Q442 Chair: Can you understand why quite a number of special advisers and others do not feel that this is proper?

Sir Jeremy Heywood: No, I do not understand why they think it is not proper. I can understand why they might think it is not clear, and that is why I hinted in my letter that if people feel that there is a need to clarify what we mean by “canvassing”, to make quite clear the distinction between public canvassing and private telephoning, then we can make that clear in the next iteration of this code.

Q443 Chair: Would it not be better to re-write the code now if you think it is reasonable—and I think most people would think it was reasonable—for special advisers to be permitted to canvass? They are, after all, political appointees. There is the question of their being civil servants. The code does not say that. The code says the opposite, and it was presumably drafted that way with a purpose. Or is it just badly drafted?

Sir Jeremy Heywood: I think it probably was badly drafted.

Chair: In that case, why not re-write it?

Greg Mulholland: It is very clearly drafted.

Sir Jeremy Heywood: I do not think a huge amount of attention was given to this five years ago when it was drafted.

Q444 Paul Flynn: All members of the Committee find the code admirably clear, but your interpretation is perverse and self-serving.

Sir Jeremy Heywood: I do not believe it is self-serving at all, nor do I believe it to be perverse. It certainly is not serving my interests. The fact of the matter is we have tried to interpret this in line with precedent and in line with the way in which similar situations are dealt with in more explicitly—

Q445 Chair: Sir Jeremy, if you had not been asked to reinterpret it—and there were two years or three years of this Parliament and a whole by-election when I understand it was understood to mean what it says—what would have prompted you to reinterpret it in the way that you have?

Sir Jeremy Heywood: The question was put and we were asked to opine—

Chair: I know that other Ministers read the code and said, “Right, that is it; you cannot go canvassing”. I know that some Ministers are still instructing their special advisers not to obey the order to go canvassing, because they have read the code.

Sir Jeremy Heywood: No Minister has put that to me. We operated in good faith on the basis of previous precedent and the way in which in other areas this has been interpreted explicitly.

Q446 Chair: I am not doubting your good faith, Jeremy. I am really not.

Sir Jeremy Heywood: Thank you; I appreciate that.

Chair: What I am trying to understand is what has got into the gene of our political culture that allows this kind of poor thinking to infect what should be very clear judgment. Can I just ask you once again—and we can end this now—if you will consult the Attorney General about this matter and get a definitive opinion from the Attorney General?

Sir Jeremy Heywood: I will certainly take legal advice.

Chair: I think he will give you the advice that we have received.

Sir Jeremy Heywood: The point I am trying to make is that the purpose behind this element of the code—

Q447 Chair: It is not in your power to divine the purpose of it. It is written down in black and white.

Sir Jeremy Heywood: I accept it is not in my power, because in the end the Prime Minister is the final arbiter of these things, but the purpose of this is to point out that special advisers are not able to use official resources to take part in by-elections. They are paid for by the taxpayer to work for the Government, so, if they wish to take part, as they are allowed to explicitly in general elections and explicitly in relation to local elections, they have to do so in their private time. That was the simple purpose behind this thing—the guiding principle—and that is the way we have interpreted this thing. If the wording needs to be tightened up to make it clearer, then we should do that.

Q448 Mrs Gillan: Having experience of working with this code, can I make a suggestion to you? There are some conflicting areas in the code and there is absolute ease for misinterpretation to take place. For example, it says here: “With the approval of their Minister, special advisers may undertake, or continue to undertake, all forms of local political activity [...]. They must comply with any conditions laid down by their Department.” There appears to be a degree of flexibility on a Department-by-Department basis for an interpretation of this code. No matter what your intentions were, or whatever went on behind this, surely now is the time to look at the wording of this code and get it put beyond doubt. Otherwise, I think it puts both Ministers and special advisers in a very difficult position, and that is not something anybody would want from any political party, here or in any administration.

Sir Jeremy Heywood: Those are very wise words. Something that causes this amount of uncertainty and controversy clearly is not perfectly drafted, so we need to learn the lessons from that.

Chair: I should add that Speaker’s Counsel has read the whole code and he has not found any flexibility from the words chosen by Cheryl Gillan.

Q449 Greg Mulholland: Just one simple question, Sir Jeremy. We are well used to politicians seeking to wriggle out of things that are plainly clear. That is something that, frankly, we all get engaged in from time to time. We do not expect civil servants to do that. Would the best thing not simply be for the Prime Minister to admit that this was a mistake and to apologise? Would it not be better for you, instead of trying to say that black is white, to also say that this was a mistake and that perhaps the code does need to be looked at? That is a sensible discussion to have, but to say that something that is clearly the case is not is a very dangerous precedent for you to be setting in your own role.

Sir Jeremy Heywood: I have tried to explain the thinking behind this, which is that special advisers—

Q450 Greg Mulholland: I am not asking about the thinking. I am asking: would it not be better to have a simple, “Yes, this was a mistake”? We all make mistakes. Prime Ministers can make mistakes. “This was a mistake; it should not have happened. There is now an issue as to whether special advisers potentially should be allowed to canvass in the evening.” I do not think any of us would object to that being clarified, if that is what people want to do, but, under the current wording of the code of practice, you cannot campaign in a by-election without first resigning your appointment. Can we not have some honesty from you at least on that fact, if not from the Prime Minister?

Sir Jeremy Heywood: I have been honest and continue to be honest. The intention here was to allow special advisers to canvass in their spare time on the telephone, in private.

Greg Mulholland: I am asking about the by-election. With respect, I do not think you are being honest.

Chair: Come on. I am not having that.

Sir Jeremy Heywood: I seriously regret that you have that impression, because I am trying to be as honest as I can possibly be here. I accept that the wording could be tighter and clearer, because the word “canvassing”—

Greg Mulholland: The wording is entirely clear and tight.

Q451 Chair: I think that is enough. You have made your point, Greg. We will leave it there, but I hope I can take that as an undertaking that you will take advice from the law officers.

Sir Jeremy Heywood: We will certainly take legal advice, but your point about whether this could be more tightly worded is also something I will take forward.

Chair: It brings Government into some disrepute when things are as opaque as they are. I have to emphasise Speaker's Counsel does not think it is opaque; he thinks it is very clear.

Sir Jeremy Heywood: I am very happy to talk to Speaker's Counsel about it. The fact of the matter is that the Prime Minister thought it was perfectly reasonable for special advisers in their private time to make phone calls from party head office without using official resources, as is allowed by the general election guidance, which is very clear, and the local election guidance, which is very clear.

In this area, it was not clear, and so the presumption was made that, for consistency's purposes, one should read across the more explicit guidance in those two other areas to this less clear area, and the conclusion was reached, which also happens to be in line, so I am advised, with what the previous practice was under the previous Administration. That is the sequence of logic that led to this. There was no bad faith and no dishonesty; it was a genuine attempt to apply the rules in a dispassionate way based on precedent. That is what we have tried to do. If the wording is not clear, then we can tighten the wording.

Chair: Cabinet Secretary, thank you very much indeed. Welcome to the exigencies of high office.

Sir Jeremy Heywood: Thank you very much.

Examination of Witness

Witness: **Rt Hon Oliver Letwin MP**, Minister for Government Policy, gave evidence.

Q452 Chair: Can I welcome our second witness of the afternoon? Could I ask you to identify yourself for the record?

Mr Letwin: Oliver Letwin, Minister for Government Policy and Chancellor of the Duchy of Lancaster.

Q453 Chair: We are very pleased to see you. This is primarily about our inquiry into future challenges facing Government and the machinery of Government but, before we move on to that, can I just ask you to say a few words about how you are doing with the Government's fuller response to our two inquiries into "More Complaints Please!" and the reform of the ombudsman? When can we expect the Government's definitive responses to these two inquiries?

Mr Letwin: By all means, yes. So far as the ombudsman side of it is concerned, we are just about to receive the advice of our reviewer, and I am hoping that we can convert into a set of propositions from Government and put out a consultation paper about it before the end of the Parliament. Manifestly, it will then take some time for people to

comment on it, and it will be for the next Government—whoever that is—to decide how to respond to the responses to the consultation and take forward the changes in legislation, which will presumably take the normal course of events in Parliament.

I anticipate that we will want to make some quite bold propositions about how to restructure the ombudsman universe, having talked to the ombudsmen themselves and having seen what your Committee said and also having talked to the reviewer, but I have not yet had the chance to discuss that with Government colleagues. As I say, that should be out before the end of the Parliament.

Separately, but connectedly, the project which I think can, in the long run, make an enormous difference to the effectiveness of public services—the project to try to get to the point where complainants can complain in an ordered way, so that those complaints can then be analysed and aggregated in a sensible way, and then be used as a mine of information and a really useful insight into where things are going wrong and why by public agencies and public services—that strand of work is progressing well. The team which is working on it—I think you may already know this—has identified two particular parts of Whitehall where we are hoping to establish pilots: one in one of the DWP benefits, and another in the Land Registry. That team is now working with the Government Digital Service and those two agencies to try to construct both the front-end computing, so that the complainants can complain in an orderly fashion, and the back-end computing, so that you can then analyse those complaints and work out what is being complained about.

Q454 Chair: When do you think all this will emerge?

Mr Letwin: I hope that we will be able to launch both those pilots well before the end of the Parliament, and probably within the next six weeks or so. I hope that they will run for not very long before we can arrive at some preliminary conclusions and begin, if we find ourselves back in office, to—

Q455 Chair: When will we get our formal responses?

Mr Letwin: As soon as we launch those pilots, I will set out exactly what we have done for the Committee and invite the Committee in the next Parliament to monitor them and comment on them before we, as I hope, generalise that across a much wider range of Government services.

Q456 Chair: Very good. We want to concentrate the rest of this session—and I appreciate we are probably going to take you a little over time, and I apologise for that—on how the Government manages risk and uncertainty, and how the Government can improve financial planning alongside overall public-spending control. To start with, can I ask you—and you heard the latter part of the session with Sir Jeremy Heywood—about the problems that arise because there are gaps in the system? There are gaps in knowledge and gaps in capability that exist between Government Departments, so what might be a good assessment in one Department and a good assessment in another Department, ne’er the twain shall be reconciled.

For example, we had a very good case study in the case of Ebola, where the Chief Medical Officer insisted that she understood why and how Ebola spreads, and the chairman of the JIC also explained that we understood the population shifts and cultural norms of the countries in which Ebola has spread, but the Chief Medical Officer did not understand how population movements would affect the spread of Ebola, because she did not have the

information that the JIC had. Is this not a case study of how things are not integrated in order to create an integrated understanding? What do you think should be done about it?

Mr Letwin: Do you want me to dwell on the details of Ebola, which, as it happens, I spent a large part of my time over the past few months dealing with, or not?

Chair: If you want to, but it is an example that affects domestic policy areas as well.

Mr Letwin: It does indeed.

Chair: It is also a machinery-of-Government question and a capacity problem, not a policy problem.

Mr Letwin: That is true too, I think. I just wanted to know whether you want me to talk about the particular case and illustrate it, or whether you want me to generalise about—

Chair: I want the short answer.

Mr Letwin: I cannot give you a short answer about the Ebola thing because it is very complicated, and I think the way you portray it is partially true and partially misleading, but let me park that. If you want to come back, I am happy to answer any number of questions on Ebola.

Q457 Chair: Speak as you think fit.

Mr Letwin: Let me deal with the general point and, if you want to go back to Ebola, I am very happy to do so. Government is a very large organisation and there is a persistent tendency in a very large and very complicated organisation, as many members of this Committee will be extremely aware, for people to do things in a way which is complicated enough inside a Department and not to talk sufficiently between Departments and share enough the knowledge which they have and the understandings which they have.

I think we are going to need, over many years, to find many different methods of trying to bring these things together. I do not think that there is a single cure-all for it. I think that, without dwelling on the details, the particular form of the gaps that arose there is a very important one, and one which we are now turning our attention to, which is that we have a very well-established system—and I am not saying that it is perfect, by any means—of response to domestic threats. We have a COBRA system and we have local resilience forums and so on.

Q458 Chair: I think we accept that it is more functional and coherent than a lot of Whitehall.

Mr Letwin: Yes, I do not say it is perfect but it exists in a very articulated form. We also have groups of people in agencies like JIC but also in DFID and the Foreign Office who attend to what is going on outside our shores. When you have something that is a disease that starts in one place and may affect domestically, bringing these together is something I think we have identified as a significant gap. I am not saying that disease is the only thing like that, and I think we need to look at whether there are other things like that. We are now doing some work to try to identify how we should unify those things where they arise.

Here, I will speak just for a second about Ebola: I think the thing which we were least good at doing, once we had recognised the seriousness of the threat, was organising ourselves quickly—we got ourselves organised a couple of weeks later, but it took a couple of weeks instead of a few hours, as it does in the case of a domestic threat—to bring together those who knew about what was going on abroad and those who knew about what was going on at home, to ensure that we had a seamless system for preventing what was happening abroad penetrating our shores.

DFID was getting on with the work of trying to help cure it abroad; CCS and others were trying to work out what to do domestically. These two were not being properly brought together. We invented, ad hoc, the role of Julian Miller, the Deputy National Security Adviser, and his staff, working with me and others to knit those things together, and we started having, effectively, COBRAs to do that work, but we should have an articulated system for doing that in every such case. Where we identify that something is happening abroad but which has an immediate or potentially immediate impact domestically, we should knit these things together. That is an example of learning how we need to knit things together.

Q459 Chair: That, however, is in response to an emergency.

Mr Letwin: Yes. We need to do it ex-ante.

Q460 Chair: What about having machinery that can exploit unidentified opportunities in the economic field, in the technology field or in the international field? It is not just about preventing or mitigating emergencies but about exploiting our national opportunities.

Mr Letwin: There is certainly a wide range of these things. I think the business of dealing with threats, while connected with opportunities, is something where we need to be better at knitting together the overseas and the domestic, and I agree with you that it needs to be able to look at it ahead of time and not merely respond to it after the fact. We need a mechanism that is looking around for things that might be happening somewhere, or might happen somewhere soon, and which might affect us domestically, even if they were going on abroad. That is what we are now working on.

Q461 Chair: Government has the DCDC outfit down at Shrivenham—which stands for Development, Concepts and Doctrine Centre—which very much plays in this field, yet it is relatively unknown across Government. John Manzoni is very supportive of it; the Cabinet Secretary is very supportive of it. How can Ministers make better use of this extraordinary capability?

Mr Letwin: I think that the new mechanisms that I hope we will rapidly establish should, among other things, make use of that. It would not, as a matter of fact, have helped in this particular case, because it does not deal with this particular sort of thing, and that is just a very good indication of why we need to look across a very wide terrain here. There are many kinds of things that can travel towards us: some of them are diseases; some are not.

Q462 Sheila Gilmore: On that point, while perhaps the specific example might not have been that foreseeable, although some people would argue that, in fact, the risk had been there for some considerable time, the risk of a new virus of some sort appearing—and several have happened in the last few years—must be there. Surely, in terms of preparation, it should not be necessary to wait until it happens to have a system in place.

Mr Letwin: There are two separate things here. There are viruses; for example, pandemic flu, which is the item that is ranked amongst all civil contingencies as the one with highest combination of impact and likelihood. It is the single thing that we are most worried about. We are enormously prepared to try to deal with pandemic flu. We have a very highly articulated domestic response to pandemic flu. Pandemic flu is not something that you can stop arriving in Britain by taking control measures. You have to deal with it, if it does arrive, and that is what we have a system—a good system, I hope—for dealing with, which has been developed over several different administrations.

The particular characteristics of this virus were that it is something which, if you get it right—as, thank goodness, I think we have done now, but we were a couple of weeks late—you can, effectively, prevent or come very close to being fool-proof in your prevention of it coming to Britain in a way that threatens the British population. There are other such things that could happen.

Q463 Sheila Gilmore: What you are saying is that, now, what you have put in place is there on a permanent basis for any future occurrence.

Mr Letwin: No, what I am saying is that we need to establish—and this is what we are working at the moment—machinery that will ensure that we have a group of people who are scanning for such things, working out what needs to be put in place and using the mechanisms we have used in this case where they are appropriate, but there may be other mechanisms that are necessary in other such cases. It is not just a question of viruses: there could be other things that are happening or are likely to happen or might happen somewhere else, which we could anticipate or discover early and then do something about, both abroad and at home, to make our population as safe as possible.

Can I just say, in addition, that it is not enough to knit together the parts of our Government? In order to tackle things of this kind, we also have to knit that together with the activities of other Governments and global organisations, so one of the most important things we are doing in this case is an effort which the Chief Medical Officer and I and the DFID team have been leading with our Foreign Office representatives in Geneva to push forward reform of the World Health Organisation to ensure that we have a global fund and a much better global response.

One of the things that went wrong in the Ebola case was that the World Health Organisation itself did not spot what was happening nearly early enough and, once it had spotted it, it did not react nearly quickly enough. That needs to be remedied and is now in the course of remedied, following the adoption of a board paper of the WHO Board just in the last couple of days, but we need to knit that together with our own domestic response and, indeed, with that of other member states of the European Union and elsewhere.

This is quite a big terrain that needs to be knit together. It is a special case and a much more general point that, whereas Government is quite good about thinking about what is happening here and quite good at considering what is going on around the world—although that is much more difficult to predict and deal with—I do not think we are good enough at putting the two together, and that is what we are now trying to think through.

Q464 Chair: In understanding systemic risk and radical uncertainty—that is, not the things that we have thought about—one bit of informal evidence we had from the DoD in the United States was from their strategy and plans department: “We are not interested in black

swans—we will have to deal with those when they come here—but we are interested in finding the grey swans that we should be able to see.” The horizon-scanning that takes place across individual Departments is, again, sometimes not integrated and coherent. Who is responsible for integrating the horizon-scanning capabilities across Government, if it is not something like DCDC?

Mr Letwin: What the apparatus that Jeremy Heywood and Jon Day have created is trying to do is precisely to integrate. There are many different parts of Government that do various different kinds of spotting, forecasting, predicting and trying to find out. Incidentally, I think it is an extraordinarily important part of getting all of this right to recognise that, however much of that we or anyone else and everyone else in the world does, there are many things that will happen which are unknown unknowns.

I do not know whether you call them radical uncertainty, or black swans or grey swans, but the point is that we are frequently—and will continue to be, as human beings—taken by surprise. One of the things we need to do is to have a flexible capability to deal with things, and that is the whole architecture of our National Risk Assessment and National Security Risk Assessment: that we are not building up—and have not built up, as a nation, over some years now—just an inflexible response to known things. On the contrary, with a wide range of possible causes of certain things that are threatening to us, we have a system for trying flexibly to deal with—and my resilience reviews are also dealing with—the consequences for us, which we can look at. We may not know why it is that something has happened to our telephone system, our rivers or our power stations, but whatever the cause may be we need to be able to respond to it effectively. Part of this is drawing all of that together domestically, but part of it is making sure that the predictions that are made, sometimes about, as you say, things that are opportunities rather than threats—

Q465 Chair: I was going to emphasise the point. Looking at the top challenges—economic growth, productivity, ageing of population, obesity, chronic health conditions, energy, infrastructure and climate change—where are the opportunities in this that we should be exploiting? Who is responsible for thinking outside the box?

Mr Letwin: The answer is, rather than putting that in some little unit somewhere, what the efforts that Jeremy and Jon have gone to have begun to create—and I think it is a very productive thing but we need to take it much further—is what I believe in the jargon is called mainstreaming; i.e. putting this in the hands of the people who are really most important around Whitehall.

I recently found myself at a prolonged discussion in which all sorts of people—many of whom were permanent secretaries and chief scientists—were sitting around and we were looking at the question of where we are going with the Internet of Things and Big Data, and how we can take that forward right across Whitehall. Indeed, not just across Whitehall, because we brought in some of the world’s leading experts in this field from the private sector and from other countries, and it is a knitting together of all these sources in a continuing discussion of the future and things that we vaguely know are on the horizon but which we do not fully understand yet, and whose implications we do not understand.

Q466 Chair: Robert Chote described the national infrastructure plan as a good attempt to take a holistic view but he described that, in the end, we have got a completely

heterogeneous list of projects being started or completed this year, which is surely not the object of the exercise. We know that that is the lowest-common-factor analysis that people tend to lapse into. How can we make it into a more creative exercise?

Mr Letwin: The national infrastructure plan is something quite different. There was not one at all when we arrived in office, which is perhaps a surprising fact. The first attempt at it was very much less good than the second, and the second less good than the third. It has a long way yet to go, in my view, but it is very much better organised than it was. When we are making infrastructure decisions now, at least we know what the other infrastructure decisions are that are being made, what the private sector is doing by way of infrastructure and how it, therefore, begins to fit together. I am not saying that this is, in any way, sufficiently advanced, but it is moving in the right direction. I do not think that answers the issues you are talking about, because, although, of course, Big Data or the Internet of Things or climate change, etc, may have a profound impact on the infrastructure we need many years from now—or even, in some cases, some years from now—in the meanwhile we are engaged in trying to widen roads and we need to make sure that we are doing so in a sensible way and that it is allied to the other things we are doing in a sensible way.

Q467 Chair: I would say, in the vernacular, it is putting our country ahead of the curve and giving ourselves a competitive advantage by being ahead of the curve of events on technology, infrastructure and health challenges.

Mr Letwin: I think we have to be ahead of the curve in thinking about, understanding and investing in new and innovative technologies. Yes, that is exactly our aim. Our aim, for example, is to become the European leader—perhaps the leader in the world, if we can manage it—in the whole nexus of electric-vehicle production, autonomous vehicles, the Internet of Things, the Big Data that services that and its connection with smart meters, and a whole pile of other things. That is a very big canvas on which to paint, but it is one where Government needs to play a role, definitely.

Q468 Mrs Gillan: Mr Letwin, I agree entirely with that approach to infrastructure planning, but we seem to be spending a lot of our time justifying one major project that was dreamt up not in this Government but in the last Government, and not looking at the implications and the impact of exactly what you have been outlining there on that very project. Is the system really working? I dread to mention the word “HS2”, but you know exactly what I am talking about, because I asked a question the other day as to what impact studies had been done on, for example, autonomous vehicles, etc, on HS2, and the answer came back, “None”. It was a written answer. The process does not seem to be working holistically, despite five years of effort.

Mr Letwin: I am the last person to claim that all possible interactions are currently perfectly established. It is not the case.

Q469 Chair: Some things are too political, are they not?

Mr Letwin: It is not a question of politics. When we came to office, there was no visible attempt at all to knit together infrastructure. There was no visible attempt at all to bring together the various forecasters around Whitehall. It is very far from perfect at the moment. It is advancing in the right direction.

Q470 Chair: I seem to remember that John Prescott tried to introduce an integrated transport policy, in which road and rail were meant to be considered in the same breath, and

here we are building rail without having considered a very major development in automotive transport on the roads.

Mr Letwin: I will come back to the substance in a moment. He may well have said that he was aiming at such a thing; I think I remember him doing so. I do not observe that it was done.

Q471 Chair: No, but are you committing the same sin? You are aspiring to achieve something but there is no evidence of its happening.

Mr Letwin: No. I think, on the contrary, there is some evidence of its happening. There is a pretty well coordinated plan for a series of things that start with UKTI and go on through the British Business Bank, the Catapult institutes and a series of ministerial interventions, and go into a series of investments that have been made, whether we are talking about Mahindra or Formula E and its connection, as I say, with smart meters and the Internet of Things. That is a pretty coherent whole that is beginning to develop. It is perfectly true that all aspects of life, in one way or another, are connected with one another and, of course, you can continue to study, and we should continue to study, interactions.

Coming back to the substance, I do not personally believe that the fact that I am absolutely convinced that we are moving from an internal-combustion-engine-based car fleet to an electric car fleet, and from an electric car fleet to an electric and autonomous car fleet, means that we will not need many—including fast—railways, although I am very conscious that there is not universal agreement on that subject.

Q472 Chair: Where is the work done on that? Where should it be done?

Mr Letwin: On that, as it happens, the work is done in the Department for Transport, in the sense that the Department for Transport handles both of those two things simultaneously and is very conscious both of the expansion in rail travel and of the expansion of car travel. It is also conscious that the expansion of car travel, because it is connected with DECC, is having a profound influence on carbon. While we are at it, we have continued to have very strong and long conversations about the effect that that has on our balance of payments and our resilience in the light of the degree to which we are importing petrol. The truth is that these things are knit together. It is frantically complicated. We do not have a perfect solution, by any means, but the truth is we are at least considering these things in the round.

Q473 Mrs Gillan: It is true that it needs to integrate such a large number of Departments; for example, it has taken some time to get to a position whereby the tax regime on alternative fuels which are coming forward is being recognised and we are moving the instruments forward. I do not see that we have got to that position of real co-ordination right across the board.

Mr Letwin: No, I was trying to be perfectly open about the fact that there is much more to do to bring all these things properly together. I think there probably always will be. I do not think human beings working in any sphere are capable of a complete and perfect knitting of things together, but we can do a lot better. We are doing a lot better than we were some years back; we can do a lot better yet in the future and we need to continue to attend to this, I agree.

Q474 Mrs Gillan: Can I just say thank you for confirming that the original genesis of HS2 before the election was on a piece of white paper or on the back of an envelope rather than being part of an integrated transport—

Mr Letwin: I did not make any observation about it at all—as I was not a member of the previous Administration, any more than you were.

Chair: Once we have understood the complexity of all things, then we will need to understand how to spend comprehensively and wisely on them.

Kelvin Hopkins: I would like to talk about the national infrastructure plan. I hold very similar views on HS2; I think it was a vanity project dreamt up by Lord Adonis.

Chair: Moving on.

Q475 Kelvin Hopkins: There we are. If we go to the Treasury now and spending plans for the future, this lack of coherence has cropped up a number of times in our questioning. Who in Government is responsible for ensuring that spending plans are coherent across Government?

Mr Letwin: There is a public expenditure sub-committee of Cabinet. There is the gathering together of all of the public-spending plans in the Treasury and its publication. Of course, there is the process of having the public spending review, which is precisely designed to establish that kind of coherence. The principal agency for doing that is the Treasury, but, through the sub-Committee, Cabinet has delegated a group of Ministers to think through those coherencies.

Let me give you an example, which relates very directly to the national infrastructure plan and, in fact, led us—and led me in particular—to think of the necessity for a national infrastructure plan. When we came to office, although resource accounting had already been introduced and, therefore, the capital current distinction was clear already in the previous administration, capital had been regarded as something that was to be invested by each individual Department. We made a decision, in the public expenditure sub-committee, to bring all capital out of all Departments and to consider it as one and to rank it according to cost-benefit analysis by projects. The entire capital budget was thereby allocated to those things that we thought produced the highest cost-benefit analysis. The secretariat of that work was the Treasury. Departments contributed to the cost-benefit analysis of projects that lay within their remits. The decision-making was collective, based on the analysis provided by the Departments and validated by the Treasury.

I think it is quite a good example of trying to engage in rational dispositions about public expenditure, which I think has stood us in quite good stead. It involved quite large differences in the allocation of spending, and one of the things it led to was a high allocation of spending to transport as a whole—leaving aside HS2, rail projects of a very widespread kind and road projects of many kinds. As we have gone on through time, one of the things that became clear was that we had understated the extent to which we were at risk of various kinds of flooding, for example, in the Somerset Levels and on the Humber and so on; therefore, decisions were made to reallocate further expenditures to flood defence, again on a cross-departmental basis. There is and has always been a pretty well-developed system for trying to allocate public spending, but I think it has got more coherent, particularly in relation to capital expenditure.

Q476 Kelvin Hopkins: Reacting to crises is one way of describing planning, I suppose, but it is not way of describing planning. Planning is about looking to the future and

is an exercise in political economy, as I would put it. My impression is that the Treasury acts like an accountant: it has headings for money; strong Ministers lobby and get more; weak Ministers lobby and get less. Where is the whole-of-Government financial plan? Where is that core about our future and about what direction the country wants to go in—what I call political economy rather than just accountancy?

Mr Letwin: I do not think it is accountancy. Of course, there are political realities in every circumstance in a democracy, but I do not recognise your description of how things get done. The DCMS is not a particularly powerful Department, according to most views of these things, but we have invested a huge amount of time, effort and money in rolling out the superfast broadband programme, because we have a vision of the British economy which, in part, depends on the infrastructure of superfast broadband. I think that is quite a good example of the Treasury, which is enthusiastic and backed that, not being an accountant but thinking of itself as, at least in great part, a ministry of national economy. I think any treasury, if it combines those two roles, as ours traditionally has, has to think of itself both as a ministry of national economy and as a ministry of finance, and it does so really pretty well, on the whole, in my experience.

Q477 Kelvin Hopkins: Broadband is another case where I think there has been enormous lobbying and pressurising by MPs, particularly in areas that are not covered, again reacting. There have been some radical suggestions for changing the way we do things. In the past, of course, we had the 1960s Labour Government's Department of Economic Affairs—the brainchild of Peter Shore and run by George Brown—which was quickly gobbled up by the Treasury, which did not like somebody else making decisions.

More recently, we had similar proposals, but most radical of all is *Financial Times* journalist Philip Stephens, who suggested, in June 2013, that the Treasury should be shut down. He said, “Just about everyone outside the Treasury agrees that rebalancing the British economy requires a more active role from Government—an industrial strategy that supports rather than directs enterprise. The only way to get one is to break the grip of the Treasury's devotion to fiscal fundamentalism and untrammelled markets by stripping it down to its core functions”, etc. There are radical views about these things. Do you and the Government think about these things as possibilities?

Mr Letwin: I notice that Nick Macpherson, in his responses to your Committee, described that particular journalist as not a friend of the Treasury, and I think the quote you gave illustrates that he was right about that. I happen to disagree with him very profoundly about a whole series of issues, including that. As I say, my feeling is that the Treasury, as an institution, while, like every human institution, no doubt, capable of further improvement, is pretty good at doing what it does. I do not think it just does accountancy. It does not just look after the fiscal books by any means.

The Treasury, institutionally as well as Treasury Ministers in this Government, have been enthusiastic supporters of a whole range of investments—including, incidentally, the Regional Growth Fund, the Local Growth Fund, the British Business Bank, the Green Investment Bank, and a whole series of other measures which are, indeed, forms of industrial policy, including the Catapult institutes and a very considerable effort to bring together all of these different measures in a coherent infrastructure plan. That, it strikes me, is quite a good indication that the Treasury is thinking of itself as a ministry of economy, and I think it is the right thing to think of itself as, although it is also a ministry of finance.

Kelvin Hopkins: That being said, it has not done a very good job in the last 30 or so years. There was a massive economic downturn after 1979. Interest rates were raised, and we saw the pound rise, a fifth of manufacturing disappearing and unemployment rising to 3 million. Then, of course, Nigel Lawson came in and—

Chair: Let us not re-run a complete debate on the 1980s.

Q478 Kelvin Hopkins: Then we had the ERM crisis. Again, some of us saw that happening. It destroyed the credibility of the Conservative Government at the time, I have to say. Then, of course, we had 2008. It has not done a very good job in terms of spotting what to do or making decisions about the economy and how to run it well. Is there not a case for having a better way of managing our economic affairs?

Mr Letwin: We could have quite a long discussion about your description of the 80s, which I think is about as wrong as you could get—

Chair: Order.

Mr Letwin: But I am sure I am not going to be allowed to do that.

Q479 Kelvin Hopkins: Yes, but there are those who say we ought to have a more coherent way of looking at economic planning for the longer term and spotting problems before they cause a crisis.

Mr Letwin: I do not think that the Treasury has been deficient as an institution. I certainly do think—and I am sorry to sound partisan—that the occupant of the post of Chancellor before 2010 was peculiarly bad at understanding what was happening and acted in a way which has led to very great difficulties for Britain. I do not think that that was the Treasury's institutional failure; I think it was the failure of a politician.

Q480 Chair: We can see that the Treasury does some things very well, but I think even Sir Nicholas Macpherson, the Permanent Secretary at the Treasury, was brutally honest with us about what he recognised to be deficiencies. On one, he said in response, "The relationship between the National Health Service and local authorities that are responsible for social care is absolutely critical, because [...] you can squeeze one bit of the system but the problem just re-emerges somewhere else." He was accepting that the squeeze on local government has increased the burden of old people on the National Health Service. Are we surprised? That is a case of where there was not a cross-departmental financial plan for how we deal with old people, and old people requiring nursing care and care in their homes. That is having to be made up now on the hoof, on the ground, in a way that the Treasury seemed careless of at the time. How can we improve?

Mr Letwin: No, I do not think that that is, in any way, an accurate description of the history.

Q481 Chair: Why do we have so many old people on hospital beds, who should be cared for at homes, because the local authorities do not have the money?

Mr Letwin: The need for integration of adult care and primary and secondary health services is an enormously important thing.

Q482 Chair: The Treasury does not play a role in that; it just sets the budgets.

Mr Letwin: I rather think that you and I, if I can be unfair enough to say this, have been talking about this for some years.

Chair: Yes.

Mr Letwin: It is something which we very much recognised in 2010, including the Treasury, and began work on what has become the Better Care Fund. It has taken an enormous amount of work over a very sustained period. It is now beginning to be implemented from this April, at last. It is very slow because we have broken down what I recall talking to you about in 1998 as an almost unsolvable problem, because of the differences between local authorities and the centrally funded NHS. We are now breaking those barriers down.

Luckily, I think this is a matter of political consensus across the three parties mainly represented in Parliament, and I hope it will last as a national effort. There are huge dividends to be got and, indeed, it is crucial to the sustainability of our health service over the long term, but it is not the case that it was unforeseen in 2010, nor indeed that people in the Treasury and elsewhere had not foreseen it earlier. The difficulty is one of breaking down these bureaucratic barriers and finding ways of getting people to pool budgets and work together.

If you go now, for example, to Greenwich and you find out what they are doing to organise discharge and re-ablement, and the allocation of GPs to old-people's homes and to organise things so that they can bring people back to their homes and invest in the home to keep them well there, all that sort of thing is now beginning to happen in our country. It is much too late—we should have been doing it 20, 30 and 40 years ago—but at least it is now beginning, and the Treasury has been an enthusiastic supporter of it. I do not think, again, that that is an institutional criticism of the Treasury.

Q483 Chair: Perhaps I can just go through some of these historic things which you think we are now addressing. For example, it was, in fact, admitted by the Treasury that, 2009-10, there were three Departments where public-spending control had been lost: Health, Education and Defence. The result of the public spending review in Defence 2009-10 was that a delay in the carrier programme to save a relatively small amount in year resulted in quite a substantial increase in the overall costs of the programme. Is that not rather a short-sighted view for the Treasury to take? How can we create incentives for Government as a whole to take a longer-term view that delaying a programme and adding to its costs is not a very good use of resources?

Mr Letwin: I think the situation that we faced in 2010 in the Ministry of Defence—

Chair: This was 2009-10. I am just using it as an example. I am not talking about SDSR yet; I am talking about an incident before that, just as an example.

Mr Letwin: Yes, that is what I was reflecting on. I think the situation we faced in 2010, which reflects what was happening in, I suspect, 2007, 2008 and 2009—a number of years—was institutional chaos inside the Ministry of Defence due to the fact that their budgets had got completely out of line with their commitments. Whether that is due to the fact that the then Prime Minister was pursuing a foreign policy that the then Chancellor was not funding or otherwise, I do not know, but I do know that, when we arrived on the scene, what we witnessed was this extraordinary state of affairs inside the Ministry of Defence where there was almost no understanding of how to reconcile budgets and commitments. That has been brought into order over time. I do not think that that was a

failure on the part of the Treasury before 2010; I think it was a failure inside the Ministry of Defence which was due to pressures from No. 10 and No. 11.

Q484 Chair: The SDSR is a whole-of-Government approach and it was pretty well undertaken in about 10 weeks. We can argue how much cost control and defence policy collided, but certainly cost control limited how much we could spend on defence, and some very brutal decisions had to be made. We now know that at least three of those decisions were extremely misguided: one was the abandonment of maritime reconnaissance; one was insufficient attention given to cyber capability and cyber warfare capability; and there is a third which we are not allowed to discuss.

As we speak, the Department is unable to address any of these things, because they do not have any money. What will be different in SDSR 2015 so that there is a more considered and planned use of resources in the defence policy, so that mistakes like these are not repeated?

Mr Letwin: I think that the good order with which defence expenditure has been conducted over the last four years is vastly better than what we saw before.

Q485 Chair: I am not talking about the good order of defence expenditure; I am talking about the outcome.

Mr Letwin: I am talking about the outcome, too.

Q486 Chair: The outcome is very unsatisfactory.

Mr Letwin: We differ in that view and, incidentally, one of your examples—namely, cyber—is one in which we have, through the National Security Council machinery, hugely invested in and are continuing to increase investment in, and I think rightly.

Chair: Not in MOD.

Mr Letwin: I thought that the Committee was in favour of cross-Governmental activity, and that is what we have been doing.

Q487 Chair: It is MOD capability that has been neglected, and everybody recognises that now.

Mr Letwin: We are verging on a terrain that I probably ought not to speak about in detail, but I do not accept that. The fact is that I am not saying that any set of decisions are ever perfect but I think, in general, the conclusions we came to about what would create an orderly and sustainable pattern of investment in men—and, while we are at it, women—and in machinery in 2010 has stood pretty well the test of time.

I hope that whoever is in Government after the next election will, indeed, plan very carefully and seriously how to continue to enable budgets and commitments to match, ensure that the investment programme which we have now fully launched continues in an orderly fashion, and also build up, for example, the reserve forces, which are a critical component of what we are doing.

Q488 Chair: Would you consider allowing a defence review to run for a much longer period? The SDR 1998 was widely regarded as a successful defence review but it actually took 18 months.

Mr Letwin: I do not have any particular view about the time that it should take to conduct a review of that kind.

Q489 Chair: Can I suggest you should have one, based on the outcome of the last one?

Mr Letwin: First of all, I disagree with you about the outcome of the last one, which I think was good. Secondly, my experience is that it is very frequently the case that, if you allow a long time, you do the same amount of work that you would do in a shorter time in a longer time. There are such things as too short a period, but I do not think that you make things better simply by taking longer.

Q490 Chair: If August is part of that period, a lot of people are on holiday during that period so the work is not done at all, which is what happened.

Mr Letwin: I was pretty intimately involved in the strategic defence review, and it continued throughout pretty energetically, in my experience.

Q491 Mrs Gillan: I am quite interested in how joined-up we are. A good piece was done by the Government Office for Science, which was called “Future identities: changing identities in the UK”. It was a piece of horizon-scanning that had implications across a large number of areas, whether it was criminal justice, health, environment, wellbeing, radicalisation, extremism, social mobility and social integration. It is a complex piece of work. Can you just tell the Committee how you integrate that into both financial planning—and whether it is, in fact, integrated into our financial planning and looking at the cost implications—as well as how you analyse the risks that are revealed by a piece of work like that? It was a pretty impressive list of contributors and quite an interesting report, but I do not see where that is taken into Government in practical terms.

Mr Letwin: You raise a very interesting and important issue. As a former Secretary of State, you have seen this first-hand. The fact is that it is very difficult for Governments—and, indeed, while we are at it, big companies—to know how to use observations about the future in planning the present. This is a big issue. There are no simple translation devices, and you will be very aware of that. I think what is important about wide-ranging views of the future is that they help to alert you to questions you ought to ask when you are engaged in thinking about the present. They do not give you the answers.

I do not think one can say, “Here is Report X and Report Y”—and we are producing a series of these through the horizon-scanning process right now. I do not think it will translate, in an immediate sense, into answers for the present. What they do is to help sensitise you to uncertainties and risks, and so on, which may prevent you ignoring things when you are thinking about the present and, indeed, when you are planning for how you may think about the mid term.

Q492 Mrs Gillan: Is there an argument for some area of Government where you can co-ordinate all the horizon-planning and the financial planning, and look at the implications and make recommendations to Government? It may be a discrete area that is comprised of members from several Departments, for example. There are some parallels, but I do not see—

Mr Letwin: That is exactly what Jeremy and Jon have set up in the horizon-scanning process. You were saying earlier, Chairman, when Jeremy was being interviewed, that you did not think that the secretariat support for it was large enough.

That is an arguable case and it will be interesting to hear where the Committee comes down on that. At a certain point, these bureaucracies can get self-defeatingly large. It is quite important that they do not get too large. If you want to make things be taken really seriously, you need to involve the main actors.

What I think is good about the process that Jeremy and Jon have created is that it involves the frontline people—the Permanent Secretaries and the Directors General—around Whitehall, so that this is not going on in a cubbyhole somewhere that everyone can ignore; it is part of what they have running through their minds as they are involved in running their own Departments. I think that, in a similar way, and very productively, the National Security Council performs that role in a very important range of areas for Ministers, in that it enables us to have a continuing conversation over the five years of a Parliament about a wide range of things, stretching from domestic security right through to foreign policy, looking at the long, medium and short term. I think we are right to try to do that, not on the basis of having some group of people who have nothing to do with the Cabinet, but having Cabinet Ministers sitting around that table and having that discussion, just as I think Jeremy is right to assemble Permanent Secretaries to have that discussion.

Q493 Paul Flynn: What are the five greatest triumphs of Government horizon-scanning over the last five years?

Mr Letwin: I do not think there are triumphs from something which has begun very shortly.

Q494 Paul Flynn: Have there been any over the last 50 years?

Mr Letwin: The problem of the last 48 years is that, although there had been, at various times, brief attempts to do it, there was no persistent horizon-scanning going on. That is why this exercise was started. As I say, it has been tried briefly and then abandoned before. I hope that this new model, precisely because it is based on the main actors, and also because it is open and involves a large amount of discussion with people outside Government, trying to draw on their wisdom, may do better. We will only know how well it has done many years in the future, when what it predicts are major issues and the things it says about how to deal with them turn out to be true or not true.

Q495 Paul Flynn: Would you agree that the best way of improving our foresight is to more accurately use our hindsight? You mentioned the flu pandemic; are you familiar with Deirdre Hine's report on that?

Mr Letwin: No.

Q496 Paul Flynn: You would find it an educational exercise to read it. We expected an average of 65,000 deaths—somewhere between 3,000 and a third of a million. We had 500 people who died of it but only 150 who died with it, and we spent £1 billion. Poland spent about seven zlotys because they refused to buy the vaccines or the anti-virals, and they had half the number of deaths per million of the population than we did. Do you not think that that is something that the Hine report should have investigated?

Mr Letwin: I think you should always try to learn from what happened last time. You also have to be very careful not to learn the wrong lessons from it and not to think that the future will also look like what the past looked like, but I accept that it is extraordinarily useful to look at the past, learn what went wrong and try to react to it. I thought I was being accused a little earlier in the conversation of failing to plan on the grounds that we were trying to learn from experience and change our architecture

accordingly. I think I was right to say that that is a good thing to do. We should learn from the past and we should try to adapt our architecture. We may, nevertheless, find that it is not perfectly suited to the future and may have to adjust it again. This is a continuous process.

Q497 Paul Flynn: There is no sign in that instance, and many others, of our learning from experience. It was not just the £1 billion we spent on medicines; the priorities of the health service were distorted, and people were frightened witless by the badly-based fear that was going on. The Civil Service report said everything was right and we did everything as we should have done, without any kind of analysis in it. If we take the other two examples, we were talking about one this afternoon. The report on the Iraq War is endlessly delayed. We have not started a report into why we went into Helmand, which was probably an even greater disaster. If we are going to benefit from the errors and the loss of life and of huge sums of money in those, should we not be examining these obvious terrible mistakes?

Mr Letwin: I think we should examine each major event carefully, as we go along. Of course, the Chilcot Inquiry is designed to do that. However, I think, as a country, we have learned a great deal, for example, about public health. I was very struck when I was in Sierra Leone recently by the differences between a country that has a very high articulated system of public health that has been developed in response to a series of threats and now performs extremely well, and a country which, on the contrary, has not been able to develop such a system of public health. That is a very good example of building something that is highly flexible and can deal with a whole series of problems.

Even in circumstances where something took us, as Ebola did, by surprise, the public-health system came roaring through with very successful methods for ensuring that, when we did have somebody enter the country who had it, we had a very properly articulated system of dealing with it. That is because our public-health system is intrinsically strong, and I have no doubt that part of the reason for that—we inherited it; it was not our doing—was because, over the years, Governments of various hues have built that system up in response to a series of threats and problems. You do have to learn from the past and to adapt and create mechanisms that then have to be flexible in dealing with the future.

Q498 Paul Flynn: If you cannot provide one example of why horizon-scanning should now be seen as the Holy Grail—

Mr Letwin: I did not say that it is the Holy Grail.

Q499 Paul Flynn: It has certainly become fashionable.

Mr Letwin: No, sorry, I neither think it is fashionable nor the Holy Grail. I think it is simply a matter of common sense. It is a valuable thing. Government across different agencies and Departments, drawing in expertise, should consider carefully what things are likely to occur to our country over succeeding years and to try to think through what we can do to optimise the opportunities and—

Q500 Paul Flynn: But you cannot give an example of when it worked or where it has been successful.

Mr Letwin: When you set a system up to look at the future, you cannot give an example of how it has worked in the first 18 months or two years of its operation. That is certainly true. That is inevitably the case.

Q501 Paul Flynn: I remember, about 10 years ago, going to Finland to look at their Committee for the Future. In Israel, they have a committee that looks at all legislation and measures it in terms of the result on generations in 50 and 100 years' time. The ideas have been around but now this is suddenly something that you put forward as being invented two years ago, on no basis of experience on which it is built. We have had the great experts on horizon-scanning in front of us, and their answers to successes which they are trying to emulate were non-existent.

Mr Letwin: In the last Administration—I am not sure whether it was true in the Administration before—there was the Foresight programme.

Paul Flynn: There was indeed.

Mr Letwin: I think it did some good work, for example, on the questions of the Thames Barrier and climate change, but it was conducted, essentially, by the then Chief Scientist and it was pretty much outside the mainstream run of Whitehall and Government. What we have tried to do, while very much attaching importance to the work that continues to be done by the Government Office for Science, is to integrate that in what is a new process that tries to make sure that what the Government Office for Science, for example, is predicting or examining is brought into coherence with what, for example, DECC, DfT or Defra, or whoever, is predicting. That had not been done before. That is, for us, new.

Q502 Paul Flynn: As a final question, all this is divorced from any kind of reality, is it not? There was a splendid report when Lord Birt was in 10 Downing Street running the strategy, I believe, on the future of drugs, which accurately forecast the problem, diagnosed the difficulties and suggested a solution, but that report has never been enacted and was, in fact, leaked because it was not politically possible to put forward a policy that was intelligent when the past Government and this Government were captured by the need to please the yahoos of the tabloid press.

Mr Letwin: I am very conscious of your views about that particular matter, and I am sure we should not enter into a prolonged debate about it. Of course, it is the case in a democracy, rightly, that democratic pressures exist and are felt. It is also the case that Governments of differing hues in Britain, mercifully, have thought it was their job—as I think it is, and certainly this Government has felt it its job—to think about the future in a long-term way, regardless of immediate pressures. Then, somehow, these things have to be brought together.

As Mrs Gillan was saying, that is a very difficult thing to do because there is not an obvious way of doing it, so you have to think through that and try, case by case, to adapt it. Going back to the point I was making about the chain of things from climate change and carbon emissions through to industrial policy, we are trying to do that in areas like electric vehicles and, while we are it, in pharmaceuticals, vaccine production, Big Data and the Internet of Things. These are very important things to try to get straight and to try to connect one's view of the likely future with investments, encouragements and structure today. That is what we are trying to do. I think it is the sensible thing for any Government to try to do.

Q503 Kelvin Hopkins: One final question on my earlier theme about the lack of coherence and lack of thought in central Government about overarching policy. There is one clear example that just demonstrates how poor things are in Britain. You used the phrase

“common sense”, but there is not a lot of common sense in the benefits area. No other country in Europe—I have this on good advice—has three separate Government Departments providing means-tested benefits to my constituents, relatively poor people. They are DWP, HMRC and CLG, for housing benefit and council tax relief, whatever. It is utterly confusing and chaotic, and no other country in Europe has done this. They have been invented, I think, as a result of some Minister having an idea—Gordon Brown or whoever it happened to be—to invent these areas. My colleague Paul Flynn talked about Israel having this central-Government look at how to make things more rational. Should we not be looking at how to make our benefits system more rational, having one Government Department that deals with all means-tested benefits, so that we do not get this chaos and no doubt this expense as well?

Mr Letwin: I am delighted that you are a convert to Universal Credit, which brings these things together. It brings together all the benefits from all those Government Departments in a single, coherent whole, and I hope that you will be able to persuade your own party leadership to subscribe to what is a highly progressive, entirely unifying and very common-sense solution that produces a smooth curve that gives everyone an incentive to work. You are absolutely right: it does not make sense to have these things as separate, and that is why we are bringing them together.

Q504 Chair: Can I just ask one last question? Nearly five years in Government and, previous to that, a lot of experience at the centre of Government: what do you find now to be the greatest barriers to long-term thinking and consideration of the long-term problems in Government? What is the machinery that we can create to improve the incentive for people to think long-term and deal with long-term issues?

Mr Letwin: That is a very good and very difficult question. One thing I think you can do—you are doing it and I encourage you to continue doing it—is, in the Committee, to continue asking these sorts of questions, because Whitehall does pay some attention to what Parliament is forcing it to think about. The fact that an important element of Parliament is going on and on about the need for strategy, coherence and long-term thinking is helpful.

The second thing that would be very helpful but I do not think will happen is to persuade the media of this country that it is sensible for them to concern themselves with these things and not constantly to be baying for something that is the latest fashion on the day and is the story of that day to be dealt with as if the whole history before and after did not exist. I fear, however, that that is not likely to happen.

The third thing, which I think we can do more about it, is to break down remaining—and there are still many—departmental agendas. Here, I do not mean the agendas of specific Ministers but the institutional agendas of Departments. I do not think that there should be such a thing as the interest of Department X. I think Departments of State are part of the apparatus of the state. In a democracy, of course, the Government of the day has a view about how best to govern the country. Every Department should be contributing to fulfilling that and not thinking in terms of its departmental agenda, which is almost always relatively short-term.

Finally—and this is the most difficult thing—for there to be rewards for long-term thinking for politicians, you have to win elections on the basis of people putting their faith in you because of your long-term plans, rather than because of your short-term popular gestures. That is a very great difficulty and perhaps the overwhelming difficulty in

politics. For civil servants—and I think Jeremy was reflecting this in his evidence to you—you need to get to the point where officials who are doing something expect from the beginning to be involved with it to the end and to be judged by its success or failure, and not to have moved on to several other jobs in the meanwhile and to be able to slough off the responsibility.

None of these things is easy. The last is, I think, more soluble, and we are beginning to solve it. The penultimate—that is to say politicians trying to get kudos from an electorate for a long-term plan—is something we are trying today, and I do not know whether the electorate will reward us or not; I hope they will. As I say, I have despaired of the media taking a long-term view. The Committee has done a very good job at this and I think it needs to continue to do so, and Parliament needs to continue to push governments of every colour in this direction.

Chair: Minister, thank you very much indeed. You have been very generous with your time. It is just after six o'clock. We are very grateful that you were able to come. Thank you very much.