



Nesta...

REWIRING THE BRAIN

A ROUGH BLUEPRINT FOR
REFORMING CENTRES OF
GOVERNMENTS

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Nesta...

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INTRODUCTION

If governments sometimes aspire to be the brain of their societies, the central teams and units within national governments aspire to be the brains within the brain. Many include some very clever people, and their organisation has become ever more sophisticated – with Cabinet Offices, executive offices, planning commissions and units. Some are tightly organised, while others are closer to the model favoured by leaders such as Roosevelt,¹ with competing agencies and power centres, blurred boundaries and often duplicate roles. None are as neat as the classic corporate organogram, and there are important reasons (discussed later) why they shouldn't be.

But a striking message from people working in centres of government is that they work less well than they could.

It's become conventional wisdom that governments need to cope with more complexity, faster information flows and feedback, and constant communication. But a close look at centres of governments shows that there has been relatively little serious innovation in recent years. There are many promising ideas, from Scotland to Singapore, Australia to Scandinavia, as well as pockets of innovation within big governments in London, Washington or Berlin.

But good new approaches don't spread easily, and how centres of government are organised owes more to habit and tradition than anything else. As a result the hearts of government in the UK, US, Germany, Japan are strikingly similar to a few decades ago. There is an outer sheen of social media, media management and open data – but daily life is largely unchanged.

In itself that's not a problem. Innovation isn't intrinsically good. But failure to adopt better alternatives matters if it contributes to underperformance, poor decisions and poor execution. It matters if decisions are made with no one in the room who adequately understands the issue being dealt with; if governments fail to communicate what they are doing and why; if they default to superficial media spin over strategic substance; or if they exhaust themselves with urgent not important issues.

Here I suggest 12 clusters of proposals inspired by observation and experience of the leading edge of government reform, drawing in particular on new approaches in some of the world's most highly regarded governments.² The paper is deliberately short, prescriptive and sharp – in practice each element has to be adapted to local circumstance. The core thesis is that the centres of government could be leaner, more intelligent, and better networked, and that this would result in a higher likelihood of impact and fewer unnecessary mistakes.³

In the first section I review the core purposes and functions that need to be at the centre of a modern government. In the second section I move onto prescription.

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I. PURPOSES AND FUNCTIONS AT THE CENTRE OF GOVERNMENT

Every centre of government reflects constitutional history, the personality of leaders, the political conditions of the government (coalition, divided ruling party or united single party etc.), and the overall tone the leaders set (e.g. how activist).⁴ But although the details vary there are common themes and functions in all governments. The next section summarises what these are.

Purposes

To start at the very beginning, the right organisational answers need to reflect what government is for and the purpose of the centre of a state. There are many complex answers, but usually these boil down to a few elements:

- Projecting power – and the mission of the leadership – throughout government and beyond, ideally in response to the wishes and interests of the public.
- Directing the key resources of power – money, legislation, attention – to critical tasks (from maintaining order to improving education).
- Legitimation, winning support within the parliament, and amongst the public.
- Maximising the effectiveness of the governmental machine (i.e. the constant task of reform).
- Enabling flexible responses to crises and events.

To understand how these work, it is not enough to look at the formal constitutional position or to focus only on the formal structures. Instead the real life of a government arises from the interaction of:

- Structures and formal roles (the organogram).
- Processes for decision making and implementation (from budget setting and strategic communications to performance management).
- Cultures for achieving direction and coherence.

Structures are the most visible aspects of organisation – but not usually the most important for achieving results. The most common mistake made by people trying to reshape centres is that they overestimate the role of structures relative to processes and cultures. It's striking that the most effective leaders achieve as much through influence and norms as they do through formal mechanisms.

Functions and tasks

If these are the main purposes, what functions need to exist at the centre of a government? Most tasks, including much of policy development, implementation, and procurement etc., are necessarily distributed across departments and agencies.

But the following are the tasks which gravitate towards the centre, mainly because they are inherently difficult to distribute without compromising the coherence of the government:

- Strategy, particularly as it relates to the implicit or explicit contract with the electorate, and related policy.
 - Cross-cutting policy (potentially with separate units, budgets etc.).
 - Coordination of departments (e.g. via committees).
-

- Performance management, ensuring that promises are achieved (e.g. via delivery units).
- Communication to the media and social media.
- Political management – keeping a majority in parliament, coalition coordination.
- Legislation management – ensuring its flow and successful delivery.
- Legal advice.
- Foreign policy (e.g. via a National Security Committee), particularly where it intersects with domestic issues (e.g. drugs, energy, migration, security, diasporas).
- Intelligence and intelligence coordination (e.g. via a Joint Intelligence Committee).
- Financial management and allocation (via Treasury, Office of the Budget).
- Human resources (role allocations, both bureaucratic and political).
- Information Technology/knowledge (e.g. CIOs and CTOs).
- Purchasing (e.g. an Office of Government Commerce).
- Heads of profession – science, economics, statistics, operational research.

Additional roles more common in recent years include:

- Relationship management in its wider sense (understanding public concerns, views; dialogue; web-based engagement).
- Task-based units (e.g. competitiveness, environment, poverty, efficiency).

It will immediately be apparent that many of these tasks are divided in organisational terms – with functions passed out to ministries of finance, foreign affairs or internal security. A centre which did them all would become unmanageable. But centres tend to keep some direct oversight of all of these even when they are formally delegated to separate entities.

A key design issue is how to keep the centre sufficiently small that decisions can be made fast, with issues of politics, communication and strategy integrated through strong informal relationships rather than relying excessively on formal processes. That requires careful selection of the tasks that matter most – strategy, political management, communications, oversight of implementation and at most one or two others – with all others pushed one layer out.

The currency of centres

The functions listed above are continuous; they have to be carried out at all times. But the critical currency of centres of government is the live issue – from the burning crisis to the policy problem.

Hence the importance, alongside the permanent structures, of temporary arrangements fit for purpose:

- Crisis capacity – command and control, with tight coordination of decisions, intelligence and communications.
 - Teams and task forces to tackle urgent policy issues, or problem solving.
 - Budget setting periods.
 - Reviews and strategic audits to turn slow-burn issues into live files.
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How power is exercised

To influence both the live issues and the slow-burn ones, every part of the centre can work through at least three very different modes:

- Direction and command.
- Coordination through consent and deals.
- Influence through expertise.

Even in systems where single parties achieve parliamentary majorities, it's risky to depend too much on direction and command. Good structures minimise the need to use scarce political capital to drive the system, and make the most use of influence and alignment of interests rather than brute force. Trying to do too much backfires.

A general lesson of coordination is that the more that can be done lower down the hierarchy, the better the results. At higher levels battles over status, recognition and boundaries are likely to be even more intense.

However, the wiring of the system can encourage or discourage successful collaboration. Many governments have therefore introduced assessments and rewards for collaborative behavior, data and knowledge sharing, including 360 degree appraisal systems, and pay which reflects not just how well core tasks are performed but also how much support is given to other departments and agencies.

II. PRESCRIPTION

So what needs to change? Current structures usually fail on four counts (there are plenty of other problems – these are just some common ones):

- They are insufficiently effective at delivering legitimation – which is the core task of government. Hence the need for new ways of engaging the public and growing trust, and avoiding the race between expectations and delivery.
- They are poor at making use of the right types of knowledge needed for good decision making.
- They are poor at coordination and alignment of the often sprawling government machine – resulting in duplication, contradiction and waste.
- Many get timing wrong – it's not just that they do slowly things which should be done fast (decisions, responses etc.), but they also default to doing fast things which should be slow (in particular fundamental reforms, culture changes etc.).

So how could they be organised differently? If we use the metaphor of the brain, an intelligent government has some of the same capacities as an intelligent individual:

- **Observation** – the ability to see, hear, smell the world, in this case through intelligence, data flows, feedback of all kinds.
- **Attention** – the ability to focus.
- **Cognition** – the abilities to think and reason.
- **Creation** – the ability to imagine, innovate and design.
- **Memory** – the ability to remember (and not to repeat past mistakes).
- **Judgement** – the ability to judge.
- **Wisdom** – the ability to make sense of complexity and to integrate moral perspectives.

I suggest 12 main clusters of task. These need to be part of someone's job. Indeed, a test of the coherence of any current centre of government is whether it's clear where responsibility lies for each of these actions. If responsibility is diffuse or opaque then the odds are that nothing much will happen: other priorities will take precedence.

These tasks are not alternatives to the unavoidable ones that matter for any leadership such as basic competence in handling issues, time, decision-making processes, political management and maintaining confidence in the ruling parties, or communication to the media. But they are the necessary complements to these other tasks and they are becoming more important over time.

1. Make the direction of government explicit – transparent, explained and maintained – and avoid the temptation to generate blizzards of initiatives

The most important task for any centre is to own and articulate its purpose – what is the government for; what is its diagnosis of what needs to be done and to change; what tools does it use to achieve its goals?

This purpose begins as a political mandate – but often emerges over time, with a different character from the message of an election victory. This direction is the heart of strategy and works best when simple, understood and explicable to many of the different parts of government. It includes compelling goals and what is sometimes called 'a theory of change', a causal account of how the choices of government will contribute to desired outcomes.

This account can be articulated through multiple means – speeches, laws, conversation (and a useful principle is: no action without explanation). But centres often default to the

opposite – responding to events, launching multiple initiatives without coherence, and sending contradictory messages to the other parts of government let alone the wider world.

Explicit statements of priority are important, albeit difficult. Good centres work hard to maintain coherence, with a high proportion of Prime Ministerial and senior ministerial communication oriented to public education rather than just announcements. Similarly they also adopt simple, explicit communications with departments setting out the priorities and objectives that matter to them ('strategic intent' to use the military language) – describing what the goals of policy are rather than just the content.

2. Shape and share strategy for the whole of government – and create capacities to do this

Building on high level goals, the next task of the centre is to turn these into coherent strategy, with a clear view of where government is heading in three time horizons:

- The short-time horizon of immediate issues, crises and news agendas.
- The medium-term horizon of policy development and implementation.
- The long-time horizon of its legacy and its contribution to the broader success of the nation.

The pressures of modern politics tend to collapse horizons – squeezing out the long term. The urgent defeats the important. In some centres of governments – such as the White House – there have at times been literally no senior figures charged with working on long-term domestic policy. All the most powerful people were instead consumed with day-to-day tactics.

Strong communications and political management are of course essential for survival. But, to thrive, governments need more – including specialised teams and units to think further ahead. I favour Strategy Unit models, with teams close to the Prime Minister or President working on critical projects, using the best available methods, and tasked with practical workable answers. These mix civil servants and outsiders, experts and generalists. They use rigorous project/process management methods; are integrated with government decision making, budgets etc., and ensure inputs from frontline staff and citizens rather than just bureaucrats and experts. Crucially they involve the people who will have to deliver the strategy, rather than following the New Public Management approach of entirely separating policy and implementation.

This seems particularly hard for centres of government.⁵ In practice policy failure and programme or delivery failure are closely intertwined. That is why, contrary to the claims of New Public Management Theory, it's vital that the implementers play a part in the design of policy.

A better balance between the short, medium and long term requires that some leadership time is devoted to thinking ahead, with away days, seminars and thinking time (I've suggested a ratio of 5:3:2 for the time devoted to these different horizons). China's leadership roughly follows that pattern, helped by formal requirements to devote a fixed number of hours each year to learning and development. Strong leaders like Angela Merkel tend to be good at carving out time for longer-term reflection, or hosting discussions with thinkers to refresh their ideas.

They can be helped by external or arm's length bodies that keep the government, and the political agenda, focused on the long term. These can be charged with analysing the longer-term implications of budget decisions (like the UK's Office of Budget Responsibility). The Netherlands, uses a semi-governmental body to scrutinise manifestos, and comment on how well aligned they are with evidence, as well as their likely impact on the national fiscal position. The Commissariat de Plan traditionally played a similar role in France, now being partly revived.

At the moment the governments most interested in strategy tend to be the ones with healthy fiscal and economic positions – including many in east Asia, the Gulf, and northern Europe. By contrast, most of the democracies have responded to the long crisis since 2007/8 by shrinking their horizons.

3. Ensure that the important things happen – and create capacities to keep a sharp focus on the ones that matter most.

Any centre needs to ensure that things happen – that the Prime Minister or President’s priorities are followed through right across the machinery of government and public service.

That requires careful aligning of high level strategy and day-to-day implementation and delivery. There is much experience in how to do this well and badly. It requires economy; clarity; and consistency, and misfires if contradictory messages are sent, or the tools are too heavy handed. Various delivery and implementation units around the world have shown the value that explicit processes can bring, for example in South Africa, Scotland, Malaysia, and US states such as Maryland and Virginia.

The standard methods of recent decades turn strategies into targets with reporting systems attached. In the US, the Government Performance and Results Act in the 1990s required agencies to develop five-year strategic plans and annual performance plans and to submit them to the Office of Management and Budget (OMB), one of the key units within the CoG. The Program Assessment Rating Tool allowed OMB to track how well over 1,000 programmes were performing. In the 2000s the UK government developed a comparable machinery of explicit strategies and reporting systems. At one point there were nearly 1,000 targets in central government.

But both the US and UK governments found that the sheer volume of feedback overloaded the centre’s ability to see the wood for the trees, as well as prompting a good deal of gaming behaviour. The UK therefore ended up with a delivery unit focused on a relatively small number of top priorities.

A general lesson is that any team dedicated to delivery and implementation has to be highly selective in its attention. Focus makes it more likely that its interventions will be grounded in sophisticated knowledge of the field. Too broad a spread makes it highly likely that its actions will be too crude, and will elicit gaming.

Another lesson is that these target-driven strategies can be enhanced by more engaging and inclusive processes. One of the best examples in the 2000s was the South Australia Strategic Plan. This included an explicit statement of priorities, nearly 100 targets mostly with quantitative metrics.

But it also included: a very visible process for public engagement in setting the plan; a transparent process for judging what was on or off track, and, critically, independent validation. This latter point may be the key to making strategic implementation more effective, more legitimate and less prone to the vices of technocracy and gaming. Several countries are experimenting with arm’s length bodies with some formal powers to comment on government actions.

So the best models use:

- Some explicit quantitative goals, but not too many.
- Transparent processes for judging if these are on track.
- Flexible internal capacity to problem solve.
- Entities at arm’s length from government with some formal power to comment and criticize.
- Visible processes for adjusting strategies and targets in the light of experience, or events.
- Reflexivity – the ability to assess and improve their own ways of working.

It requires some bravery on the part of political leaders to create a system that will sometimes throw up problems – highlighting when things aren’t working. But ultimately it makes their jobs easier by mobilising external pressure to drive the results they care about.

A final crucial point is flexibility. The job of implementation is never simple and linear. Few plans survive their first contact with the enemy. So strategy needs to build in resilience and readiness to adapt.

A recent book on policy blunders includes a telling comment: 'Almost all those directly involved in almost every instance seem to have been taken unawares by the failure of their policy and, having assumed that their policy would work, to have given no thought to what they would do in the event that it failed to.' Good strategic planning attempts to think through multiple scenarios – including major changes to the outside environment (such as an economic downturn) or failures of delivery, or unanticipated behaviours on the part of the people affected by the policy. This can be hard work. But it is the mark of a competent organisation that it doesn't only wish for the best.

4. Align national, regional and local actions so far as possible – and drive this from the centre, involving politicians as well as officials

All democracies include multiple tiers of government, but face a challenge of how to achieve alignment and coherence when the different tiers are often run by different parties with competing objectives.

In the past when governments played little role in local public services and infrastructures this mattered little – defence, foreign policy and taxation were far higher priorities. But today many governments are judged by their successes in influencing schools and hospitals, local jobs markets and transport.

Centres of national government can try to achieve influence through multiple layers using many means: incentives and rewards; competitive funding; target regimes. Some of the best ones worldwide combine elements of incentive with a highly structured dialogue.

COAG in Australia has at times been a good model – with defined goals, transparent open coordination, and commitments, many linked to a broader reform agenda. The Netherlands has long used agreed deals between cities and the national government, and the UK has been through a range of models, the latest of which is the City Deal.

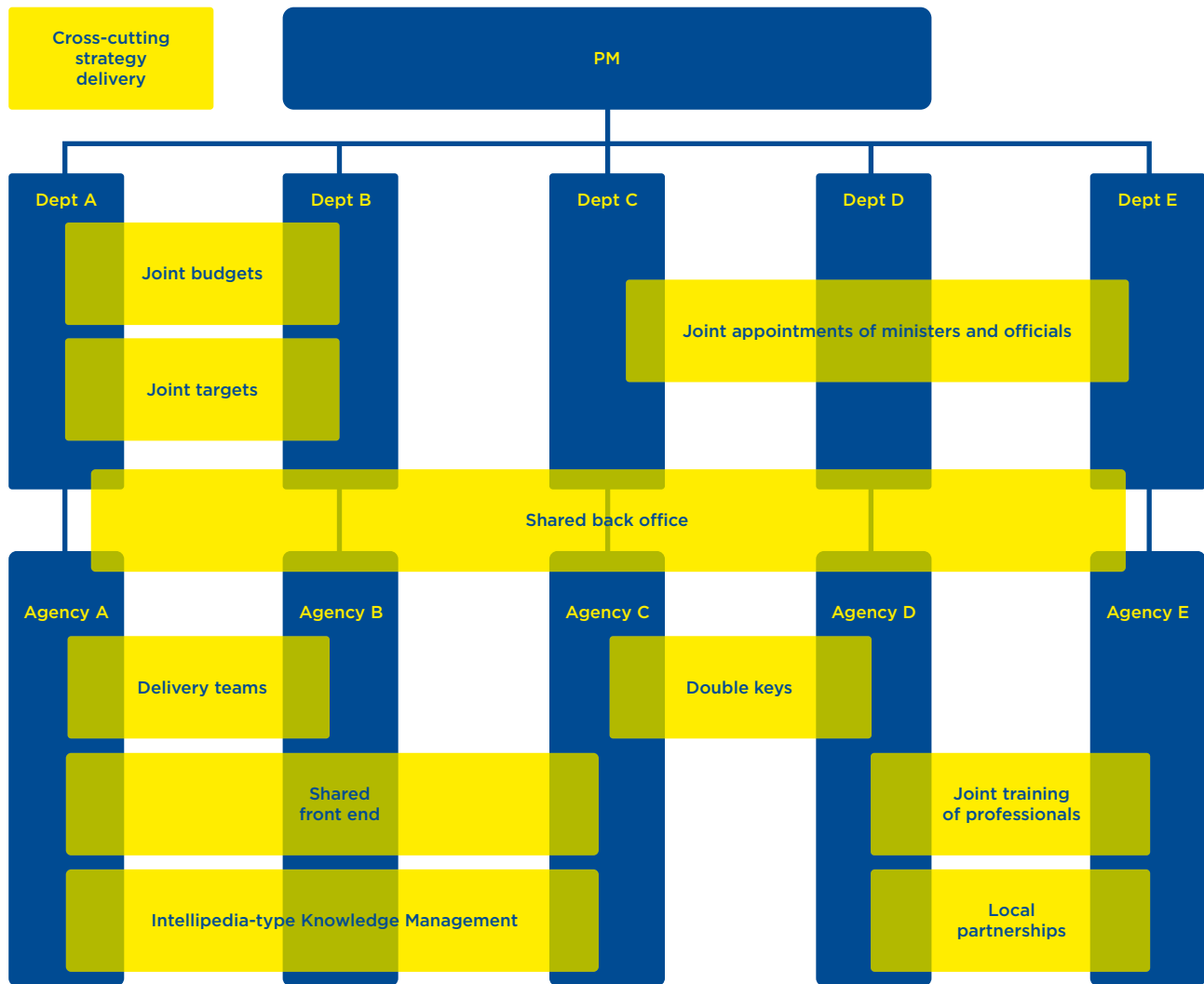
All of them require an infrastructure of dialogue and negotiation, sponsored by the centre, offering some rewards for collaboration on both sides and some penalties for non-collaboration (e.g. deals on benefits and jobs; health and care integration), and involving some investment of political capital.

5. Ensure structures are aligned with purpose – including cross-cutting ones – rather than accepting traditional silos as the only option

Typical governments inherit structures that are largely 19th century in origin – made up of big departments of state, organised around function or historical accident, and often with major professional groups at their core (soldiers, doctors, teachers, police etc.).

Structures of this kind were unavoidable a century ago, mainly because of scarce communications capacity. But today government can be organised much more flexibly, at least at its higher reaches – with a mix of permanent and temporary structures; a mix of vertical and horizontal institutions and processes; and a culture that is more holistic and less siloed. Any centre of government should be using a range of tools to orchestrate better horizontal coordination – including cross-cutting targets, budgets, teams, appointments; double keys (e.g. to ensure IT systems are interoperable); shared back office functions and so on. This chart summarises some of the tools that are available.

Figure 1



But governments can also go further and make their highest priorities the responsibility of senior politicians and officials with budgets and powers straddling departments, i.e. sitting above the functional departmental structures. So instead of only 1 or 2 per cent of total budgets being organised in a cross-cutting way, the percentage would rise to more like 10–20 per cent. Several countries have experimented with methods of this kind, so that the leadership purchases activities and outcomes from functional departments. CIOs also have an increasingly important role in reshaping digital services to fit citizen needs rather than administrative convenience.

Priorities for much stronger horizontal structures might include:

- Economic competitiveness or jobs, cutting across Treasury, and including the functions of industry departments, labour departments and skills.
- Poverty alleviation, cutting across departments responsible for education, welfare, health and local government.
- Post conflict reconstruction, integrating the work of departments responsible for defence, international affairs and development in priority countries.

South Africa has experimented with cluster arrangements to bring together key fields of priority. Other countries like Brazil use a separate ministry of planning. Mexico has a strong team under the President responsible for digital strategy across government.

None of these solutions is perfect – and much of the work of government is bound to remain vertical. But they are vital counterweights to the tendency of departments to become fixated on particular tools – Treasuries seeing all issues in terms of tax or spending; interior departments focused solely on laws and prohibitions; welfare departments defaulting to expensive new programmes.

If the best brains and political capital are only injected into traditional vertical departments, vertical functions will inevitably prevail over horizontal ones. What you get depends on how you design your structures.

6. Bring in the right inputs – from open data to citizen experience – to guide decisions, and don't rely too much on written prose and the views of well-connected insiders

Next, the centre of government needs to know what's happening, and what to do. It's vital to have the right types of knowledge to guide decisions, often in real time. But too often the centres of government lack access to reliable intelligence. Their inputs are dominated by media comment, public opinion and official statistics. Lobbying by powerful institutions skews perceptions.

So government needs countermeasures. These are necessarily diverse in nature. They include the various professions within government – from statisticians to economists and psychologists, who can be mobilised as sources of intelligence.

Some governments have opted for technological solutions, like the smart city central control in Rio, or COBRA. But at least two types of input are becoming more important and are still underused by centres of government:

- First, data – scraping, mining, and matching. Over one million public datasets are now open; more than 60 governments are part of the Open Government Partnership, and governments are becoming rather more like Richard Rogers buildings with the internal workings made visible. This changing approach to data has big implications for how centres of government are organised. It means direct access to the administrative data of departments and agencies, rather than having to wait for packaged results. In time it will also allow much better reading of the mood of the nation. The semantic analysis tools are not yet very useful in practice. But it can only be a matter of time before they become part of the armoury of centres.
- The related task is better direct listening – using teams charged with digging beneath the surface of citizen experience to find crucial insights. Mindlab in Denmark is a good example, and various governments are experimenting with design methods which at their best link bureaucracies into lived experience. Seoul in Korea now has an ear outside City Hall – symbol of a new style of listening government, and a wide range of tools to involve citizens in decision making. Other leaders run AMA (Ask me Anything) sessions, and dozens now have petition sites (pioneered by the UK).

7. Mobilise the best available knowledge and insights to guide decisions – don't just rely on advisers and civil servants

Knowledge management remains the weakest aspect of modern government. In theory a permanent civil service provides a memory of what happened, what worked, and what went wrong. But it's notorious in most governments that this memory isn't organised well. High levels of turnover in many posts mean that no one can remember what happened the last time something was attempted. Formal knowledge management systems are rudimentary at best.

Yet there are now many new tools available to governments. Simple knowledge management systems organised across the whole of government can deliver significant dividends if they record what policies were implemented; record lessons learned exercises at key stages of policy implementation; and keep a register of the key individuals involved so that they can be talked

to (this last point is key – often the greatest value comes from talking to someone with direct experience of problems and solutions, rather than prose-based formal records).

There are many tools for drawing in expert knowledge. The classic consultation is one of the least efficient models. Examples like Peer to Patent in the US work well for specialised knowledge.

Open policymaking has become fashionable – building on past experiments like New Zealand’s attempts at a Wiki-based legislation a decade ago, and the UK Strategy Unit’s experiments with wholly transparent processes (with every aspect of policy reviews, from project plans to interim papers, made public).

These work best for issues that are relatively uncontroversial both politically and intellectually; and where expert knowledge is wide spread beyond government. They require accountable judgement to draw on these inputs for decisions – rather than pretending that decision making itself will be left to the crowd.

These lessons parallel the broader lessons of crowdsourcing platforms. These have yet to deliver on their promise, mainly because the early models were too simplistic. Crowds aren’t wise on their own. They become wise if thought is organised and orchestrated – funneling inputs according to reputations, and demonstrable depth of knowledge; and using staged processes of deliberation. Other examples include hybrids such as the Icelandic constitution attempt, combining crowdsourcing with a committee.⁶ Parliaments are experimenting with similar devices – like Finland’s Open Ministry (and the Nesta-led D-CENT programme will be working with European parliaments to design and test new digital platforms for parliaments over the next year). Not all of these will work – but they point to a much more open and responsive way of organising the business of government.

One of the most basic tools for orchestrating knowledge is still scarcely used in governments. This is the model trialled by Intellipedia for the US intelligence community – pooling non-classified intelligence into a shared Wiki, combining quantitative and qualitative assessments. Wikis of this kind could become a standard tool for government departments in fields like business support, turning the occasional review or survey into a continuous real-time source of intelligence and learning, and providing the basic infrastructure of knowledge management which is still largely missing in government.

All of these new tools change the roles of senior policymakers. Rather than seeing themselves primarily as experts, charged with drafting white papers, they need to become more like the centres of webs – good at mobilising networks of input and intelligence, and not relying solely on formal consultations or traditional experts in the top universities.

8. Try to do what works – and leave better evidence behind for your successors

A related priority for modern government is to ensure that all the actors in the system are aware of the available evidence about what works, both for policy and practice. It’s fairly obvious that intelligent use of evidence reduces the risks of error and increases the prospects of success. But systematic use of evidence remains surprisingly rare.

A new set of tools are now available to integrate evidence and day-to-day decision making, and need to be led from the top if their full value is to be realised:

- The UK is experimenting with a network of What Works Centres, building on the success of NICE in healthcare, and supported by the Alliance for Useful Evidence (hosted in Nesta). These centres are encouraging departments and agencies to make more use of formal experiments and trials (something I cover below), leaving behind better evidence for those who come after them.
 - A method that has been much discussed, but so far less used is to create formal collaboratives of local authorities or others – testing, experimenting, sharing data and pooling the risks and the benefits of innovation.
-

It's rarely if ever possible simply to base policy on evidence. In most fields of government action the evidence is too patchy; or it may show that things work in one context but not that they can be spread. Yet it's vital that everyone from a police officer or headteacher to a policymaker is aware of what is known.

The centre of government needs to be a champion of this – again it's one of the ways they can maintain pressure on agencies and departments (the public should also be more demanding of policies and programmes that have actually been tested). The aim should not be to displace democratic politics but to support it – since politicians have the right to ignore evidence but not to be ignorant of it.

9. Put money to work – ensure that finance is aligned to strategy

The centre of government needs a grip on money – and the power to move it around. Any government has an explicit or implicit change margin – the proportion of revenues which can be moved from one priority to another. This margin results from many factors – cost pressures, commitments and entitlements, and revenue. But a government can achieve much more if this is grown – cutting back on non-essential programmes, freeing resources from capture by departments or lobby groups, and finding new revenue sources.

Then the priority is to ensure that money delivers. The ideal is that finance should be more oriented to outcomes, which requires a big realignment of incentives down the line. Throughout the system there should be awareness of marginal and average costs, and some sense of where additional resources can achieve most. But centres should also be promoting new innovations:

- Whole place budgets and deals: there has been a long period of experimentation with SRBs, Total Place, Community Budgets, but these still fall far short of genuine devolution on a large scale.
- Business growth deals – shifting business funding onto a much more conditional basis, where sectors or firm clusters are funded to drive innovation programmes linked to performance outcomes.
- Social investment models where funding is provided with returns linked to demonstrate outcomes.
- Life cycle funding models, particularly in fields like health and education where finance is organised with a view to lifetime costs and benefits.
- Innovation funding within the public sector – stage-gated funds to support the design, development and implementation of high risk but potentially high-reward ideas.

10. Prepare for the future by systematically generating new ideas and options – and ensure it's clear whose job this is

One of the biggest risks faced by any centre of government is stagnation. The natural tendency of any large structure is inertia, and the natural inclination of any leader is to believe their own rhetoric about policy success, and to become less open to new insights, ideas and approaches.

To extent that there is a model of innovation it is dysfunctional: a handful of people generate ideas which are then worked out on paper, announced, and implemented nationally as fast as possible. The resulting failures are then dealt with in the most costly way possible. This is a highly wasteful model, almost opposite to best practice in science, business, medicine and many other fields where innovations are tested on a small scale.

Fortunately there are many good examples of how governments can organise innovation more effectively. The current Nesta study of innovation teams – being undertaken with Mayor Bloomberg's philanthropic arm, shows that there are good options – CEO in New York, SITRA in Finland, the Mayor's Office in Seoul, Mindlab in Denmark, the Behavioural Insights Team in the UK.

These work best when there is clear alignment with political agendas; when they have some freedom to take risks, and upfront acknowledgement that there will be failures; cultures of moving very fast from ideas to real-world testing; and clear strategies as to who will implement the ideas they are involved in.

Some primarily use design methods; others focus on data. Some are making use of crowdsourcing platforms while others design internally. Nesta's Innovation Lab is one of the biggest and has successfully used a range of methods, from open calls to systemic experiments, rapid results tools to investing in innovative ventures. The key point is that I-teams push outwards the frontiers of policy and service design and thus generate new options for policy.

11. Organise the top politicians and officials as a single team with a shared commitment to ends and means

The traditional 1970s New Public Management model saw politicians as buyers of results from civil servants. The relationship was conceived contractually – the politicians would set policies and goals and the civil servants would deliver them. If they failed they would be replaced.

This approach has been tried in many countries and has some adherents in the UK. It can work well with easily specified tasks in predictable environments. But it works poorly for tasks which change in nature over time, and in the face of events.

The opposite approach aims to create a single team. The Scottish government is a good example of this, with explicit commitment from senior officials and ministers to a common strategy; a single career structure; and plenty of face time between officials and ministers as a group. This is opposite to the models chosen in some jurisdictions, including New Zealand and Wales, where politicians are deliberately kept separate from officials.

Other countries like Finland often bring together officials and politicians to discuss strategy and priorities – their distinct roles are respected, but they are treated as part of a single team.

Some attempts have been made in the UK – and many of the best ministers establish very close working relationships with civil servants. During some periods there have been joint seminars and events. But doing this well requires a culture that avoids too much blame, and is guided by strong leadership, from both officials and political leaders.

This is a good example of where culture matters more than structure. What works best at the centre of a government is unlikely to fit a neat management consultancy organogram. History shows that leaders need more flexible, adaptive, and sometimes duplicating capacities to help them respond to change. The very ambiguity that is maddening to people brought up in traditional hierarchies turns out to be functional – it keeps options open. There are similar reasons why some ambiguity on the boundaries between political and official roles turns out to help government work well – and why well-intentioned attempts to define these boundaries precisely can be counterproductive.

12. Take care of the relationship with the public – which is ultimately what matters most and is most likely to break down

Many of the biggest tasks of government are now relational ones – handling the everyday relationship with the patient, learner, service user, pensioner or victim of crime. Those relationships matter at many levels – from the high level contract an elected party has with the public, to the small everyday interactions of officials and public servants.⁷

Many of the big NPM mistakes came from failing to understand this – and relying too much on quantitative targets and a vision of government as just a control room organising the delivery of packages of outputs.

I believe that centres now need much more deliberate and distinct ways of managing their relationships with citizens. Some of the relationship of a centre will be broad brush, through the speech, TV soundbite, or image. But there are now many other ways of organising, from

petition sites to public engagements. Social media leaders like Won Soon Park in Korea primarily communicate through Twitter rather than traditional media. China employs large numbers of people in monitoring Weibo – partly to contain dissent but also as a direct feedback mechanism that is often used to deal with local problems before they escalate. If the late 20th century centre of government was dominated by the spin-doctors working through fairly small numbers of newspapers and broadcasters, the future centre may be dominated by networked communicators influencing the blogosphere, Twitter and their successors.

The old image for the centre of government was of the keep within a castle, full of walls, divisions and rigid hierarchies, nervous courtiers and false rumours. What's needed is more like a nervous system, deliberately designed to improve decisions; open where possible while retaining necessary secrecy; good at sensing how the world is changing; engaged in dialogue as well as monologue; adept at moving resources from lower to higher priorities; and with capacities to learn fast.

The traditional centre was concerned with high level policy design, and the cascading of policies down through a hierarchical system. The 21st century variant explicitly combines top down and bottom up – policy design with the systematic orchestration and drawing in of innovations. This requires a major shift in culture and style – to becoming more open, committed to fast learning, less pretending to omniscience.

It doesn't necessarily need to be big – the low hundreds rather than thousands are suitable for a medium to large nation state. But it does need to be highly skilled; highly networked; and well integrated.

SUMMARY

This short paper has offered only a sketch of how the central parts of national governments could be organised in different ways:

- Explicit direction – transparent, explained and maintained, and articulated through multiple means – speeches, laws, conversation. No action without explanation.
- Internal priorities with strategic clusters – political and official leadership combined around these (including budget allocations).
- Alignment through multiple tiers of governance with a range of tools, from finance to dialogue and deals.
- A structured conversation with the public – about long-term priorities (government as continuous education).
- Styles of leadership which are more conversational, and less omniscient.
- A single team of politicians and officials with a shared view of what is to be done, why and how.
- A flexible ability to put together temporary teams to deal with crises or urgent issues requiring intensive attention.
- An experimental approach to new ideas – fast testing in real world situations rather than paper development followed by national implementation.

What are the alternatives? There are plenty. One is the ‘clever chap’ theory – according to which the structures are essentially sound and just need smart, articulate, decent people in charge. Another is the new public management theory which advocated turning everything into a contract or like a business – with politicians contacting with civil servants to deliver policies and outcomes. A third is the ‘Napoleonic’ view that the centres of government should shout loudly enough to generate terror and compliance.

But in my view none of these is either convincing or adequate. There are better options that combine clarity with lightness. In the words of Lao Tsu: *‘Governing a great country is like cooking a small fish: don’t overdo it.’*

ENDNOTES

1. Hitler also notoriously organised his central teams in a furious, unpredictable competition with each other.
 2. This paper draws on many conversations with people working in senior roles in governments in the UK, Australia, USA, Canada and Singapore. I particularly want to acknowledge inputs from Mike Rann, former Premier of South Australia, and John Elvidge, former head of the civil service in Scotland.
 3. This paper extends some of the content of my book (2008) 'The Art of Public Strategy.' Oxford: Oxford University Press.
 4. There is a small but helpful literature on these topics, including: Ben-Gera, M. (2004) 'Co-ordination at the Centre of Government: The Functions and Organisation of the Government Office Comparative Analysis of OECD Countries, CEECs and Western Balkan Countries.' SIGMA Paper N°35. Paris: Organisation for Economic Co-operation and Development. Peters, G.R., Rhodes, W.A. and Wright, V. (eds.) (2011) 'Administering the Summit. Administration of the Core Executive in Developed Countries.' London: Palgrave Macmillan. Dahlström, C., Peters, G. and Pierre, J. (2011) 'Steering from the Centre. Strengthening Political Control in Western Democracies.' Toronto: University of Toronto Press.
 5. Here is one recent account of a failed policy in the UK (a PFI for the London metro system): 'A handful of ministers thus handed down from on high a tremendously ambitious strategic idea. But they did not hand down anything that remotely resembled a strategic plan. They knew roughly where they wanted to go but had little idea of how to get there, and they left others almost wholly alone to do the detailed work.' From Crewe, I. and King, A. (2013) 'The Blunders of our Governments.' London: Oneworld Publications.
 6. Although the constitution was ultimately rejected by parliament, despite having been supported in a public referendum, it's an important pointer to how governance could be organised in the future.
 7. The idea of the 'relational state' is described in more detail in my piece for the IPPR and the various supportive and critical commentaries (2012) 'The Relational State.' IPPR.
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