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The catalytic state

A practical theory of government

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Summary

Effective governments operate by developing and communicating a 'practical theory' that directs and guides the actions of those within it. Thatcherism included privatisation and a drive for a smaller state. Blairism included 'new public management' and 'tough love'. It is particularly important to revisit such theories in the wake of changes of the Government, to identify what is distinctive and different about the approach of the incoming administration. A failure to do so leads to confusion and disappointment. Ministers become frustrated with a civil and public service that doesn't seem to 'get' the new Government, while the civil service, which may have incorporated many of the tacit approaches and beliefs of the previous Government, struggles to understand what ministers are wanting. Such theories need to lay out a 'what', 'how', and 'who'.

The 'what'. Targets, missions or goals signal priorities. They are necessary but not sufficient for a practical theory of government. This paper summarises the strengths and weaknesses of the approaches to goal-setting by different UK governments over recent decades. For the new 2024 Government, the 'five missions' are the starting point for 'what'. It is argued that 'missions' have advantages over previous approaches, including the 'pledges' of the Blair years. But the strengths of missions are also their weakness – or their challenge: they leave open the question of 'how' they are to be delivered. They need to be underpinned by a mapping of the relationship between measures, an understanding of the causal drivers, and a monitoring or 'grip' of progress. Without this mapping and monitoring, there is a danger of 'winning the battle but losing the war': delivering the target in a narrow sense, but failing to deliver the underlying intent, or simply losing focus.

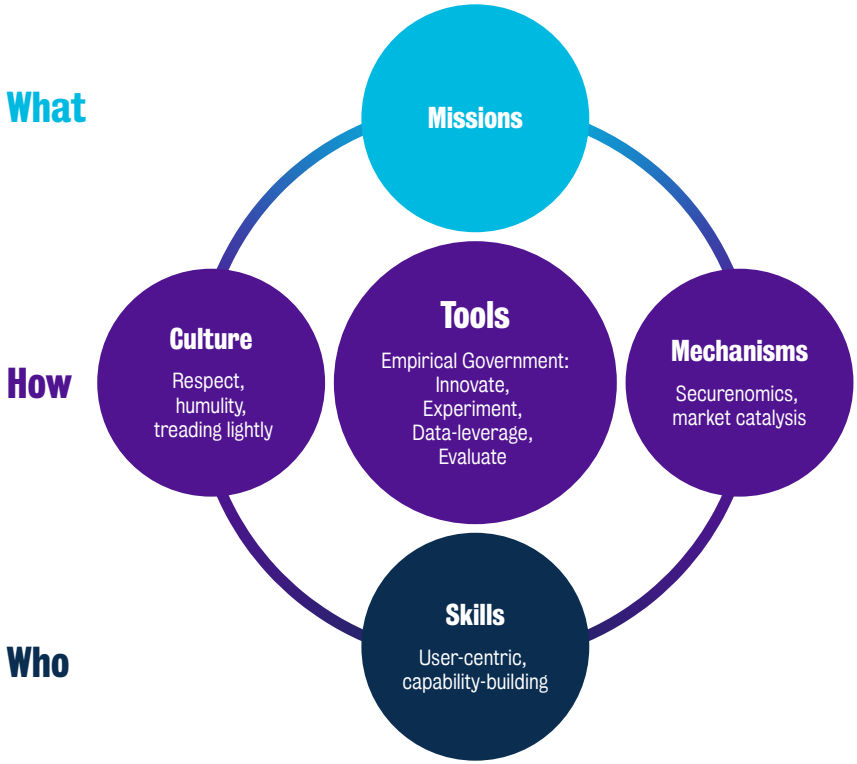
The 'how'. This is at the heart of a practical theory of government. It is composed of three key elements. First, the 'tools' or methods that are to be used. For mission-driven government, this includes open-minded use of the existing evidence on what works, active experimentation, data mining of variance, evaluation and use of feedback. Second, the 'mechanisms' or account of how the economy and society work, and the implied role of government. Differences in view to previous governments' causal accounts are especially important. Currently that includes a belief that government can play a more 'catalytic role' in the economy, addressing a range of market and investment failures. Third, the 'culture' or style of government. In common with other large organisations, this has both instrumental and moral importance. For the current administration, this includes an emphasis on public service, a shift away from hubristic leadership styles to personal humility, twinned with a collective determination to deliver.

The 'who'. The 'what' and the 'how' needs to be delivered by someone. Clarity around which people and institutions are responsible, and ensuring they have the capability and resources to do the job, is crucial to effective delivery. Many of the skills and capabilities that are needed to deliver the 'how', such as how to experiment and evaluate, are lacking in the current UK civil and public service. We need to strengthen these capabilities, and bolster the institutions to deliver this. The 'who' also includes responding to, and respecting, the knowledge, experience and views of the wider public – a user-centric approach.

Governments are an incredible human achievement. Yet those within them often suffer from an 'illusion of explanatory depth': thinking that because something is familiar, it is understood and known how to change it. Plugging this gap with a 'practical theory' is crucial. It took until the second term of the Blair administration to plug this gap. The 2024 administration faces huge challenges, and needs to get its 'practical theory' in place much sooner – tentatively called here 'the catalytic state'.

The good news is that across democracies the public do differentiate between governments that are well run and deliver, and those that are not, as reflected in their trust in government and the institutions of the state. This implies that a government, armed with practical theory, which does deliver, should see an increase in public trust. Given the low levels of trust in government and politicians in the UK, this would be a significant achievement in its own right.

Figure 1 Proposed key elements of a 'practical theory of government' for the UK in 2024



1. Introduction

> 'There is nothing as practical as a good theory'.
> **Kurt Lewin, 1943**[1]

Effective organisations have a common purpose. Linked to these, they have theories about how things get done. Common purpose, and a shared understanding of how things get done, can enable large numbers of people to work more effectively together. Without this, people spend a lot of time arguing, negotiating, and going around in circles.

Governments are the biggest organisations of all. Indeed, they are composed of multiple, massive organisations, politicians, hundreds of thousands of civil servants, and millions of public servants. Their effectiveness is strongly dependent on the attitudes, behaviours and shared understandings of tens of millions of citizens too.[2] It is much easier to run an effective government when your citizens buy into a bigger common understanding of the rules of the game: people pay their taxes, comply with laws, and collaborate with each other without the state having to get involved.

It's easier to follow, if you can see where the leader is leading

> 'Government's first duty is to protect the people, not run their lives'.
> **President Ronald Reagan, 1981**[3]

Whether you agreed with President Reagan or not, you almost certainly had a good idea what he stood for. Smaller state, low taxes, strong military.

Reagan's pithy one-liners were famous. It meant that whatever part of government you were in, or whatever problem you faced, you'd have a pretty good idea of how Reagan would approach the problem. A clear and knowable philosophy means the leader's thinking is in the room, even if the leader or minister is not.

To be effective, such philosophies create a sense of what is important, what should be prioritised, and normally give a steer on the 'how' of government. Reagan, for example, repeatedly made clear that he wanted to tax less not more and in general preferred to reduce rather than expand the state (except the military). He did not believe that people should be on welfare indefinitely, and tended to believe in people solving their own problems, unless they committed a crime.

In contrast, one of the complaints about the previous Government is that it was often hard to discern its core philosophy. Conservative ministers generally spoke in favour of a smaller state and lower taxes, but their actions were often to enlarge the state and increase expenditure – though they might have said this was due to exogenous forces. As one senior in the centre put it: 'It is inconsistent and undisciplined – no-one knows what the next move will be.'

Reagan was often criticised for being disinterested in detail. But he did illustrate a classic approach for good government: have a clear working philosophy, and make sure everyone knows what it is.

Of course, oversimplified theories, such as those promoted by populists, can also be problematic...

The foxy state

> 'Everything should be made as simple as possible, but not simpler.'
> **Albert Einstein**[4]

Philip Tetlock contrasts 'foxes' with 'hedgehogs', as a way of thinking – or leading. Hedgehog thinking is characterised as knowing or proclaiming one or two things with great confidence, or an oversimplified theory. For example, a populist 'hedgehog' argument that says all your problems are due to the corruption or incompetence of the current government, but ignores all the more complex aspects of social or economic change, would be an example. For some, Reagan might be an example too.

Hedgehogs can make great soundbites, and engaging pundits. But empirically, they make poor predictors of the future, and their over-simplistic theories are prone to crack under real scrutiny – including translating them into practice. An argument between hedgehogs also tends to be a zero-sum game, with little room for compromise or joint solutions.

In contrast, fox thinking is characterised as 'knowing many things', or as having a more complex and nuanced understanding. Foxes are much more likely to hedge their bets, and see more complex choices and uncertainties in the world. As such, they tend to make less entertaining pundits – but empirically they make better predictions about what will happen in the world. In a technical sense, they are 'better calibrated' – that is, their confidence estimates of their own beliefs and predictions are much more accurate.

Singapore is a great example of a 'foxy' state. Its administration tends to be very pragmatic and 'un-ideological', or as Janan Ganesh of the *Financial Times* recently put it, characterised by 'rational incoherence'.[5]

The Blair administration was also sometimes characterised in a similar way – as being deliberately un-ideological, or determined to pursue 'what works' regardless of conventional left or right priors. (We will later return to whether it actually lived up to the 'what works' mantra.) This 'foxy' pragmatism also appears to characterise the new Labour Government of 2024:

> '… somebody who wants to get stuff done has been under-priced … This might be a moment for that kind of leadership that is focused on real service to the public, which isn't massively ideological in its approach, but is really determined to do the best it can.'
> **Pat McFadden, Cabinet Office Minister, 9 July 2024**[6]

A good theory can provide a bridge between clarity of purpose and foxiness, including what principle takes priority when. For example, a good theory of governance might include a loose hierarchy of principles, and an accompanying theory or guide to how they might be resolved. This might combine 'satisficers' that need to be adequately met, such as respect for human rights, with 'maximisers', such as doing the task as efficiently as possible.

The Treasury Green Book,[7] including its periodic rewriting by different governments, is one such attempt to formalise clarity within the complexity of government. It sets out, in detail, how the cost-benefit analysis of government spending decisions should be made by monetising the full range of costs and benefits (including health, environmental impacts, or even wellbeing). Policy options can then, in principle, be put side by side to work out which should be prioritised.

The Vegas casino: a classic illustration of how an organisation handles conflicting goals

The Vegas casino brings together two different kinds of businesses, with managers having potentially conflicting key performance indicators (KPIs).

On the one hand, there is the hotel. Hotel managers generally have a pretty obvious KPI: occupancy and price. Get the hotel as fully booked as you can, without letting the price drop too much.

On the other hand, the casino manager has a different incentive. He or she wants to be able to welcome in the most valuable clients, regardless of whether they booked ahead. This especially applies to any 'whales' – wealthy gamblers, ideally without great skills, who will spend and lose a great deal of money.

So there is an obvious conflict. The hotel manager wants to fill up as many rooms as possible, and preferably well in advance so he can fill out any remaining rooms at as high a charge as possible. But the casino manager definitely doesn't want this: he or she would much rather keep rooms available, and especially the very best ones that might appeal to casino's most valuable customers.

Who calls it? Well in the case of Vegas, it's the casino manager who calls it, because most of the profit comes from the casino side. The hotel manager can maximise occupancy, as long as he or she satisfies the superseding condition that some premium rooms are always held back. In practice this means that Vegas hotels will run with much lower levels of occupancy than conventional hotels.

2. Learning from recent history

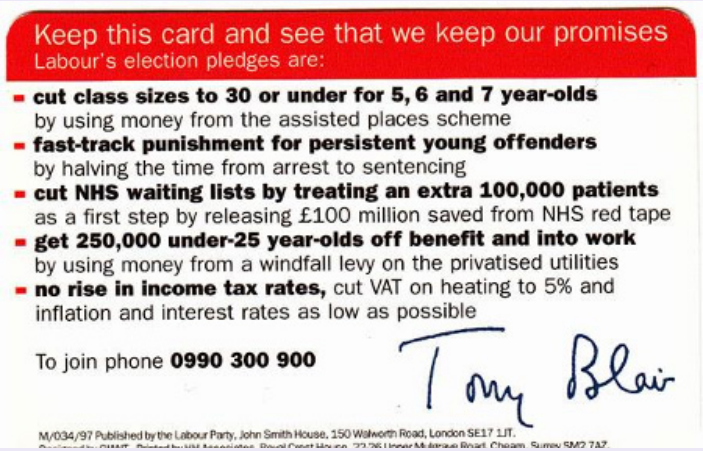
Pledges and targets: 1997 (and 2001, 2024)

> 'Prepare a plan to implement your strategy that is good enough to get started.'
> **Michael Barber**[8]

Labour's five pledges in the run-up to the 1997 general election brought a clarity and simplicity to the 'offer' to the electorate. The pledges were short enough to be put on the back of a 'pledge card', and concrete enough to be easily explained on the doorstep (see Figure 2). They ranged from the famous pledge to reduce primary class sizes to under 30, to the pledge not to raise income tax. The pledges set up specific deliverables to act as centrepieces of Government policy, and a scorecard against which the electorate could judge the Government.

The pledges set in motion a machinery of government change in the form of targets and delivery. They were considered successful enough that, come the 2001 election, another set of five pledges were offered – even if the shine on pledges as a mechanism was starting to come off. More recently, they made a reappearance with Labour's six pledges in the 2024 campaign (though arguably overshadowed by the 'missions' – see below)

Figure 2 The 1997 Labour 'pledge card'



The specificity of pledges is their strength. They are clear enough to be measured and the public can, in principle, see if they are being delivered. Indeed, they were overtly linked to a strategy of building trust in government, and halting the slide in the diminishing proportion of the population who said they 'trusted politicians to tell the truth'. As Reagan had put it a political generation before: 'Trust and verify'.

To policy wonks and civil servants, the specificity of pledges was a more mixed blessing. By design, they limited room for manoeuvre, including potentially better ways of delivering the underlying intent more effectively or at lower cost. For example, educational experts were doubtful about the cost-effectiveness of class-size reductions, a view later confirmed by an extensive internal educational review by Blair's own Strategy Unit. In essence, the evidence – including from the Tennessee 'STAR' study[9] – was that lowering class sizes from circa 33 to 30 would have very limited impact on educational attainment, but was extremely expensive (cf current moves to cut class sizes in France). However, it was locked in, and was seen as a political imperative to be met.

In general, policy experts and departments would prefer that ministers tell them what they want to get done, and leave civil servants the wriggle room to figure out how best to deliver it. For example, in contrast to the class sizes, the pledge to get 250,000 young people off benefits and into work left open a number of possible pathways through which government might achieve this. This ranged from subsidising youth employment and boosting young people's skills, to wider measures that could stimulate economic growth and increase labour market demand.

A more subtle problem with pledges is that they provide little guidance as to what or how government should proceed in many other domains. As a Blair-era permanent secretary put it: 'Big departments do a lot of things'. A pledge tells you that class sizes are to be cut, but what does that imply for the school curriculum within those classes, or what policy should be for higher education, further education, or the early years?

For thoughtful Ministers, targets were intended to be a broad signal about what the Government really cared about – a concrete clue to the philosophy and values of the administration. In this sense, class sizes were a signal that 'this is a government that cares about education', or that the waiting list cut was a signal that 'this is a government that believes in the NHS and public services'. But to most people, including civil servants, it was a pretty opaque clue.

Over time, a further problem emerged. The machinery to deliver the pledges gradually spread into a huge system of targets, as their logic was extended into almost every domain of government activity. Targets and 'public service agreements' (PSAs) became the everyday, 'retail' equivalent of pledges within public service. In the wake of the 1998 spending review, departments added around 600 targets.[10] Despite periodic attempts to cull the number of priority targets, by the end of the Blair era, and into the Brown administration, there were said to be over 1,000 'priority' targets applied to local government alone, though no one seemed sure of the exact number.

In this context, I recall Michael Barber – the father of 'deliverology' – seeking to clarify and offset the growing proliferation and confusion over targets and ballooning PSAs in the latter half of the Blair Government. As we sat in the No 10 study, Barber urged a clearer distinction between 'targets', 'indicators', and 'measures'. A **target** should be a relatively high-level objective, few in number, that we consistently pressed departments to deliver and held them accountable for. An **indicator** was an important supporting data point that gave us key clues about whether we were going in the right direction, but was not a target per se. A **measure** was any data point that might be useful, for example to help us understand what was happening in a system. Barber's concern was that this distinction was not clear enough in the minds of civil servants, leading to the proliferation of 'targets'.

It seemed to be a case of the Sorcerer's Apprentice. In this case, the apprentices across Whitehall kept adding targets (or indicators and measures), not least because a policy issue or deliverable without such a target seemed likely to be overlooked in the face of all the other issues that did have targets attached. The 'how' of how to do government had become targetry itself.

There was a final irony, given that pledges and targets were intended to ensure the Government delivered for the public. Within No 10, tracking of the targets began to show a troubling trend: a divergence between the official assessments of whether targets had been met and public perceptions. This left the PM and Government with quite a puzzle and quandary: what was going on and who to believe?

In a rare collaboration, the Prime Minister's Delivery Unit (PMDU) and Prime Minister's Strategy Unit (PMSU) worked together to identify the causes of this so-called 'perception gap'. Three primary causes were identified:

1. The target had genuinely been reached, but the 'message' was not getting through, in part because of the 'noise' from so many other

targets and, of course, rival media stories, such as the wall-to-wall coverage of the Iraq war.

2. The target had not been met (minority).

3. The target had nominally been met, but the underlying intent had not.

The third reason was in many ways the most troubling. Sometimes this gap was as a result of a version of 'Goodhart's law': as soon as a measure becomes a 'target', with hard incentives or pressure to deliver, it ceases to become a reliable measure. An infamous example of such 'gaming' was how some NHS Trusts achieved the four-hour target for A&E waiting times. Stories became rife of ambulances being instructed to drive around hospitals, since the waiting time officially only started once patients were brought off the ambulance and into A&E. (Which of course then triggered arguments to add in new targets to stop the gaming...)

More serious and subtle failures arose where sincere pursuit of a given target 'crowded out' adjacent activity, or drew away focus from the underlying intent of the target. One can argue that the genuine – and successful – drive to lower class sizes soaked up educational resources that would have led to bigger impacts if deployed in other ways (cf the later work of the Education Endowment Foundation). In this sense, the public interpreted the target not in the literal sense, but in the deeper sense that Ministers had originally intended: that your schools will get better. So if parents felt that their children's education was not getting better, they would answer 'no' to whether the 'schools pledge' had been delivered.

Yet if the pledge had been stated in that more abstract form – 'that schools would get better' – then it would have been much harder to tell if the pledge had been delivered. Political gaming would have replaced administrative gaming, or so the conventional wisdom of the time had it. Politicians from all sides would have made competing claims, pointing

to ‘alternative facts’ – GCSE scores versus PISA results and so on – and nobody would be the wiser.

In sum, targets – clear, measurable and chased goals – can play an important role. They can drive and focus activity, and can provide a powerful accountability mechanism. But they are not, by themselves, an adequate ‘practical theory of government’.

The four-hour policing pledge

Less well known than the four-hour A&E pledge was a very similar pledge made about policing. It provides a sharp illustration of the limitations of targets without a deeper theory of change.

The idea was simple and intuitively plausible. If you called the police to alert them to a (reasonably serious) crime, they should turn up within four hours. For example, if you awoke, found that you had been burgled, and called the police, they should turn up within four hours.

But empirical analysis showed that delivering on the four-hour target didn't seem to move the dial on the public's satisfaction with the police. (Indeed, the police were the only major public service where the more contact you had with them, the lower your satisfaction). Why not?

Digging deeper, it turned out that what mattered to someone who had just been burgled wasn't whether the police turned up after three and a half hours or four and a half hours. Rather, what mattered more were factors such as whether the police were helpful when they did arrive (could you recommend a trustworthy locksmith?) or, interestingly, whether the police turned up when they said they would.

In retrospect, it makes perfect sense. The burglar has been and gone. What matters now is sorting out the mess. You've got to get the door fixed, sort out the insurance, and maybe buy a replacement TV. Especially in a pre-digital age, that almost certainly involved getting on the phone, and getting a neighbour or a friend to come around while you dropped out to pick up the kids or replace the missing items, and someone staying home to keep things safe (until the locks were fixed). In that context, it is much more helpful if you could agree on a specific time when the police will come around, and when you can be in, than whether they may or may not turn up in four hours.

Targets, and delivering on the underlying intention, turn out to be quite an art.

Strategy: 2001–2010

As we have seen, targets – and missions (see later) – do not by themselves constitute 'practical theories' of government. They tell you *what* but not *how*. In the language of government, they don't tell you which 'levers' to pull to enable you to deliver your stated goals. Ironically, where targets (or pledges) are tied to a specific mechanism or 'how', it can be over-constraining (cf class sizes).

The absence of such a theory became a real issue within the early Blair Government. It was an administration that was self-fashioned to be non-ideological – indeed it was sometimes criticised for this very reason. The party had a large majority, combined with electoral pledges that were tightly focused and left options open across wide swathes of government. The phrase 'We do what works' was offered in contrast to the more ideological positions of 'how' that were seen to have dogged previous administrations. This included the dropping of clause four of the Labour party constitution, the commitment to collective ownership. Yet the detail of what actually works was rarely unpacked, certainly in the first term.

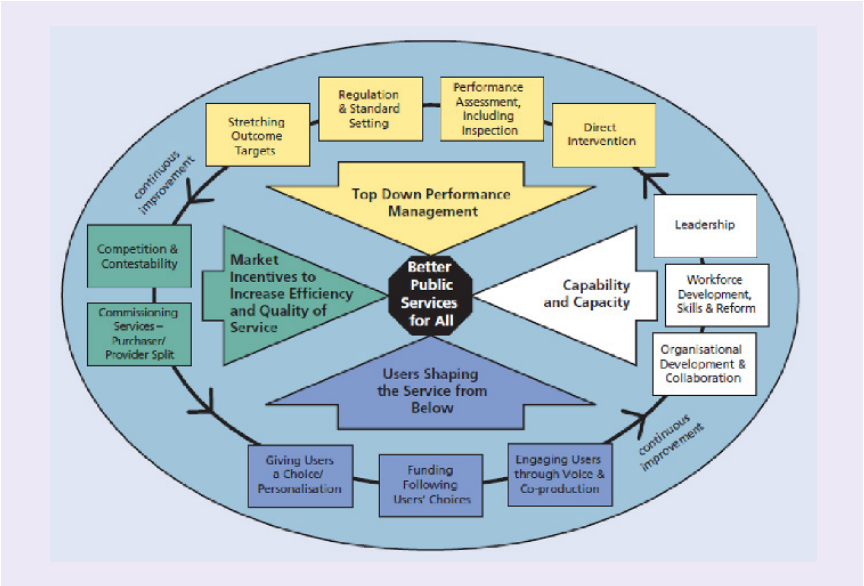
The central thrust of the administration was clear: rebuild public services, and pull the UK back towards a more European social welfare state (vs a US model), with well-funded and high-quality public services. This was manifest in significant extra spending in health and education. However, Blair and advisers in No 10 became increasingly concerned that increasing spending, without reforming public services, was a recipe for under-delivery (and public disappointment). At the same time, Blair became frustrated with the lack of rigour, long-term vision or imagination in the proposals that he saw from departments.

This led to the decision, in the run up to the 2001 election, to create the PMSU. This was to be a team that would serve the prime minister directly to provide more comprehensive analysis of major policy challenges, on longer timeframes, and to develop correspondingly radical but evidence-based policy options for government.

Early priority projects for the PMSU were three flagship, long-term (10- to 15-year timeframe) reviews into how to improve education, health and transport. Such widespread reviews ruffled feathers, not least in the relevant Whitehall departments. As with missions today, the argument for the PMSU reviews was that big issues such as health or educational attainment have drivers and policy implications spread much further than the confines of a single department, and true reform needed longer timeframes than the short- to medium-term cycles of Westminster. The big PMSU reviews stood at the heart of the political project of administration and New Labour: the rejuvenation of public services.

Importantly, the work of the PMSU led to the development and articulation of overt 'theories of government' or pathways to reform (see Figure 3), alongside the PMSU and PMDU acting as vehicles of that reform. Across the separate reviews, common patterns and tools of reform were drawn out. These became overtly codified into a set of tools that policymakers and practitioners across government were encouraged to use, and that became increasingly familiar in the utterances of Ministers and commentators.

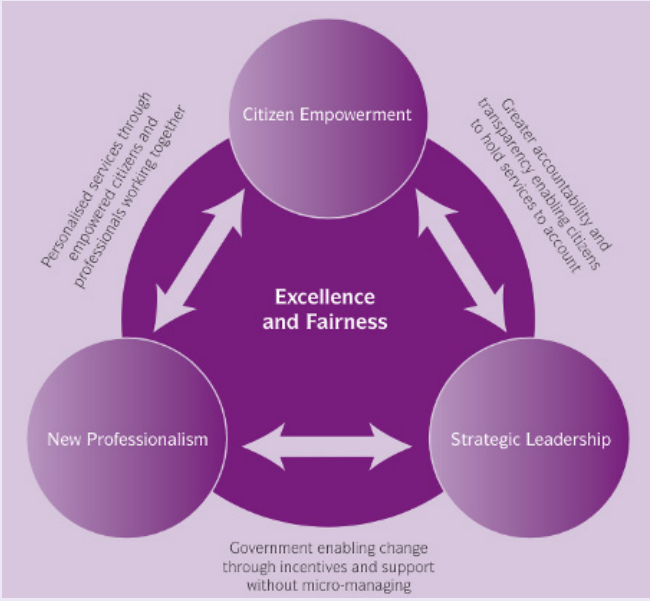
Figure 3 The Prime Minister's Strategy Unit model of public service reform (2006)[11]



Within the PMSU itself, the model became informally known as the 'washing machine of reform', reflecting a cycle that could be applied in many areas of reform This included: target-setting and performance assessment; incentives and 'market design' (including competition and contestability); user empowerment; and capability and capacity enhancement.

In more academic terms, the Blair administration sought to develop a more sophisticated and empirical account of 'public administration'. Most departments set up their own strategy units to take forward and apply these models. These models didn't provide snappy one-liners for the doorstep, but they did represent a serious effort to create 'foxy government' (see above), with a practical toolkit and theory of 'how' improvements could be delivered.

Figure 4 A high-level account of the Blair-Brown Government's approach to public service reform (Cabinet Office, 2008)[12]

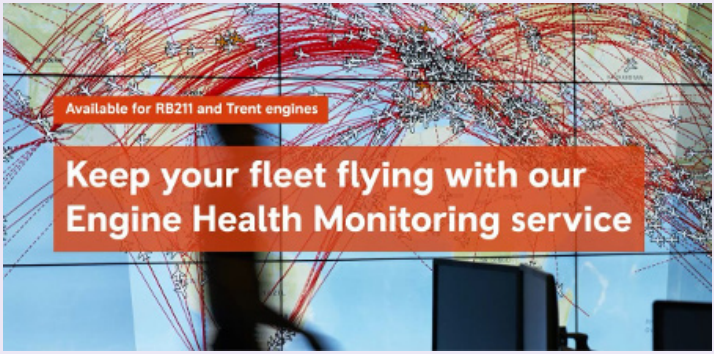


These public service reform models were a loose equivalent, and counterpoint, to the high-level theories of Thatcher or Reagan. For example, a key tenant of the Thatcher approach to government was a belief in markets with a corresponding 'go-to' lever of privatisation – as seen in the privatisation of large areas of state activity in energy, water and rail (and aspirationally other areas, such as health). The Thatcher 'go-to' model was widely known and understood by civil servants across Whitehall. You didn't need to speak to the Prime Minister to find out what tools you should start by considering. Similarly, by the late-Blair era, pretty much any civil servant would know the gist of the Blair reform playbook. Unlike targets or pledges, such models could be applied as a starting point to almost any area of public service reform, if not all areas of policy.

From strategy to plans: the 2010 transition

The incoming Conservative-led Government of 2010 was deeply ambivalent about the pros and cons of targets and strategies. In the weeks before the election, one of the key figures leading on the incoming Government's preparations shared a story about a presentation they had heard from Michael Barber. At this presentation, Barber had alluded in positive terms to the Rolls Royce control centre that tracked engines across the world. This monitoring system was designed to track and monitor planes, detecting possible faults or the need for servicing, anticipating problems before they happened.

Figure 5 Image from Rolls Royce X post – a model for government?[13]



This Conservative figure (later a Minister), said they felt a mix of admiration and horror at the implied model of government, as if somewhere in Whitehall, a screen would be flashing red to say that the 3pm maths lesson in a school outside Harlow was not going well, and an inspector should be sent urgently.

The incoming Conservatives were also sceptical about the capacity of government to construct and deliver elaborate strategies and targets. They shared the growing concern that the ballooning PSA

framework had become more of a hindrance than a help to good public administration. Similarly, leading figures in the administration were deeply sceptical of government's capacity to develop and deliver long-term strategic plans. Oliver Letwin, as Minister for Government Policy, parodied the layers of PSAs, PMSU strategies, and 10-year plans as akin to Stalinist 10-year plans for how many tractors had to be produced. He saw such strategies as embedded in a naive or absent account of markets and external shocks, and doubted the ability of government to predict or map the complexity of the world.

Instead of targets, the incoming 2010 Government instead turned to what were known as the 'Structural Reform Plans' (SRPs).[14] The idea was that, rather than set a list of targets or missions (the 'what'), the prime minister and Government would instead focus heavily on *how* they would drive reform and improvement within their area of government. These were manifest in short documents or plans agreed with the relevant department and Minister.

> Structural Reform Plans are the key tool of the Coalition Government for making departments accountable for the implementation of the reforms set out in the Coalition Agreement. They replace the old, top-down systems of targets and central Micromanagement.
> **Cabinet Office, 2010**[15]

This led to an approach more focused on 'how to reform' rather than 'top-level' numerical targets or (grand) strategies. For example, the SRPs list the levers that are to be used to drive improvement such as: creating stronger 'departmental boards' to strengthen the internal accountability and functioning of government departments; the greater use of transparency as a tool to drive improvement and innovation; the abolishing or re-incorporation of 'quangos'; and the pursuit of citizenship engagement and empowerment as an alternative to 'top-down' government ('Big Society').

Perhaps unsurprisingly, the PMSU – Blair's strategic machine – did not survive very long into the new Coalition Government, under the

sceptical gaze of figures such as Letwin and Hilton. The PMSU also inadvertently co-authored its own demise, having failed to recognise the extent to which it had internalised assumptions of the Labour Government: it just 'didn't get' key aspects of the new Government's thinking. We will come back to this later, but it is an important tell-tale and warning to the Whitehall of 2024, also flagged recently by Gus O'Donnell, the Cabinet Secretary who oversaw the 2010 transition.

After 14 years of Conservative-led government, the current UK civil service and institutions will, almost certainly, have internalised models and tacit assumptions that they are not fully aware of. These subtle paradigmatic differences can lead to suspicion on the part of the new administration, and to conflict and failure. The theories and assumptions that we don't know we have are often the ones that get us into most trouble.

In sum, the 2010 Government offered an account of the 'how', but a surprisingly thin account of the 'what'. Of course, the 'what' was not entirely absent. For example, the 2010 Government in effect had at least a couple of what we would now call missions, notably its commitment to reduce the public deficit (that by then exceeded eight per cent of expenditure), alongside – at least for a period – a desire to strengthen 'big society' and to increase wellbeing or happiness (a radical idea in the policy community – indeed too radical for parts of No 10).

From targets to missions: 2024

> 'Plans are great but missions are better. Missions survive when plans fail, and plans almost always fail.'
> **Seth Godin**[16]

In recent years, it has become much more fashionable to talk about 'missions'. These became particularly prominent in Labour party thinking under Keir Starmer, and featured heavily in both the run-up to the general election and in the Labour manifesto.

The idea is that missions operate at a higher level than a pledge, or even a target, the latter needing to be specific enough to be readily measured and chased (see above). Missions nonetheless still provide a guide – or (a series of) 'North Stars' – to help direct activity and prioritisation.

'Putting a man on the moon' – the original 'moonshot' mission – continues to shape mission thinking today, especially under the rubric of 'grand challenges'. As Kennedy famously put it:

> We choose to go to the moon in this decade and do the other things, not because they are easy, but because they are hard, because that goal will serve to organize and measure the best of our energies and skills, because that challenge is one that we are willing to accept, one we are unwilling to postpone, and one which we intend to win …
> **President John F Kennedy, 1962**[17]

The 'moonshot' was an extraordinary mission in its technical complexity and challenge, not least given that the US was significantly behind the USSR in its capability to put humans into space. Importantly, Kennedy signalled it would receive huge funding, even though the Americans did not yet know how to deliver it. As Kennedy noted: 'We have given this program a high national priority – even though I realise that this is in some measure an act of faith and vision'.[18]

This is the essence of mission-based approaches: set a reasonably clear high-level goal that you want to achieve – and believe can be done – even if you don't know exactly how to do it. In this sense, the lack of specificity of the 'how' is a feature, not a bug.

Missions have become familiar to the policy community through mission-based innovation, famously that of the Defense Advanced Research Projects Agency (DARPA) and related organisations. The agency sets a high-level challenge, often with a prize attached, but leaves open the detail of how it is to be achieved. For example, in 2004, 15 teams competed to cross 132 miles of desert with an autonomous vehicle, with a $1m prize. No team succeeded. 18 months later, the race

was repeated. This time, five teams completed the challenge, with a Stanford team winning the race in a time of just under seven hours. The point of the challenge was to accelerate development both for military purposes and for autonomous vehicles more generally.

Missions, as set out by Labour in the run-up to the current election, set broad-brush, high-level objectives for a government that leave plenty of room for flexibility about *how* they will be achieved. For example, 'economic growth' – the first of the Labour missions, leaves plenty of room for interpretation for how it will be delivered – though the mission also sits alongside half a dozen more specific policies.

Climate change, and addressing the challenge of net zero, is an example of a policy area well-suited to a mission. There is a relatively clear imperative and 'mission': to contain and ideally reverse the adverse effects of climate change, and specifically through the reduction or capture of carbon and other greenhouse effect gases – though theoretically it could be done in some other ways too (such as giant mirrors in space or enhanced cloud cover). Under these broad objectives, there are a range of known and emerging technologies, albeit alongside many operational and adoption questions. The mission is clear, the broad outlines of the options are well-known, but the details of how it is best delivered remain open.

It is worth noting that challenge prizes, like those of DARPA (or the famous original longitude prize) had quite specific, though challenging, goals. This target-specificity meant that it would be clear whether the prize threshold had been reached. Missions, when used politically, often do not have such specificity. For example, most of Labour's 2023–24 missions are generally not tied to a single clear measure or target. Though Labour subsequently added its six targets, five of which related to specific aspects of the missions, these are positioned as 'first steps for change' – early milestones or political 'entrées' for the main course of the longer-term missions.

This lack of specificity can create an openness to interpretation of whether the mission has been delivered. For example, if the UK achieved steady real income growth, but this resulted mainly from longer working hours, while consumer inflation remained high and housing unaffordable (and potentially vulnerable to a crash), would that count as a win?

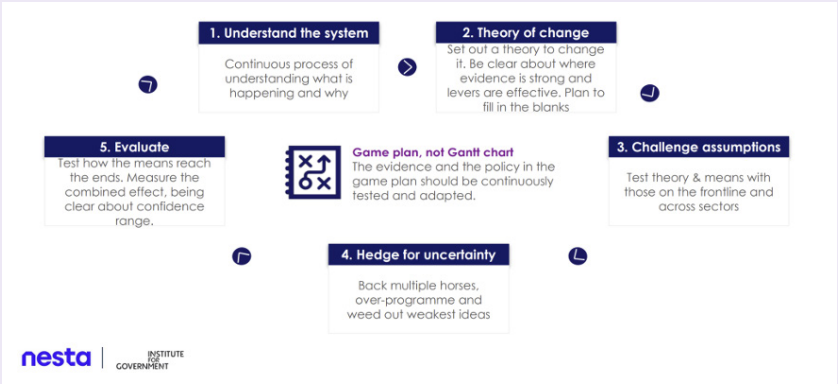
The great strengths of missions are also a potential weakness: missions deliberately sidestep the details of 'how'. Missions don't provide a more general-purpose guide of how to 'do' government more generally (except perhaps to use missions). Kennedy's moonshot, for example, didn't offer any clues to how American public servants should go about improving transport systems, schools or healthcare – except perhaps spend a vast amount of money.

Given this limitation, mission-based government only really comes to life when matched with a supplementary account of *how* to deliver them – a theory of government. As currently articulated, including by Mazzucato et al[19] and by colleagues at Nesta and the Institute for Government,[20] this tends to include: an open-minded approach to means, the application of exploratory and experimental methods, and the use of incentives and system design that can take promising solutions to scale (see Figure 6).

These elements of a more complete account are not unique to 'mission-driven' government, but they are crucial. Mission-driven government without this supplementary account – a practical theory of government – is like jumping in a car and pointing emphatically 'Drive that way!' It's better than not knowing where you are going. But if the car you have jumped into has a broken engine and two flat tires, or the person at the wheel isn't too sure how to drive, you are still not going to get very far.

In summary, missions have a great advantage over targets and pledges by providing potentially clear directions of travel, without the rigidity of targets. But, by themselves, they are well short of a plan or theory of government. Necessary, but not sufficient.

Figure 6 The Nesta-Behavioural Insights Team-Institute for Government account of mission-based government[21]



Change: opportunities and lacunae

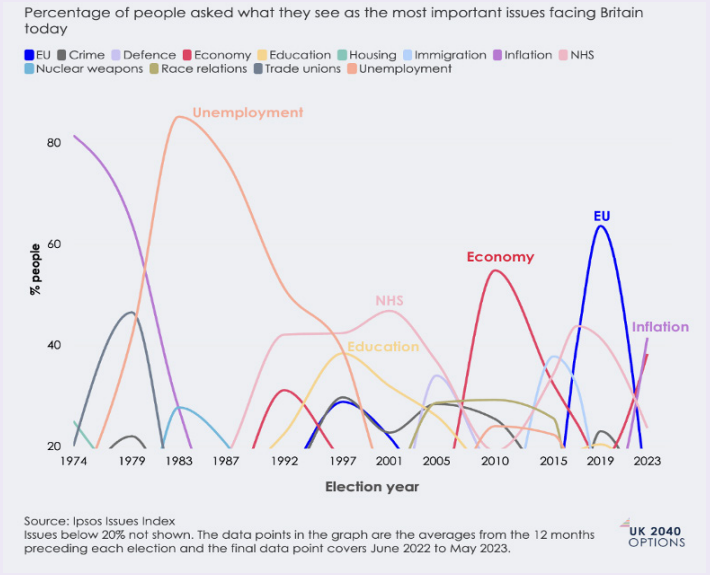
When natural scientists develop theories, they have a big advantage over policymakers: the world physicists try to explain doesn't keep changing. As far as we know, the underlying laws of physics that govern the workings of the universe haven't changed from when Newton was studying them to when Einstein or Hawking was. The theories have sharpened and evolved, but the strong presumption is that the universe they describe remains the same.

In contrast, the world that policymakers study and seek to influence *does* keep changing. It is characterised both by short- and long-term (deep) changes. In the short term, governments and countries are buffeted by 'events, dear boy'. A war in Ukraine leads to surging energy prices. A pandemic drives governments to take unprecedented measures, and drives up deficits across the world. Tech giants develop products that change markets, media and lives.

Longer-term changes also occur, sometimes inadvertently triggered by policies themselves. EU membership – then Brexit – triggers long-term changes in the frictions involved in trade, with structural and economic consequences that play out over years. Demographic and fertility shifts lead to deep structural and behavioural changes that play out over generations. Economic growth and social change alter values and preferences, such as the development of the 'WEIRD mind', which in turn influence future growth and societal change that plays out over centuries.[22]

These economic and social shocks and shifts then alter the demands of the public, and the priorities of incoming governments. This can be seen at a glance by looking at the top concerns of the UK public in the year preceding each election (Figure 7). The 1970s, including Thatcher's change election of 1979, were dominated by concerns about inflation and trade unions. Unemployment became the dominant concern of the 80s, as Thatcher's reforms kicked in and the economy restructured (including loss of much traditional industry).

Figure 7 Shifting UK public concerns over half a century of elections[23]



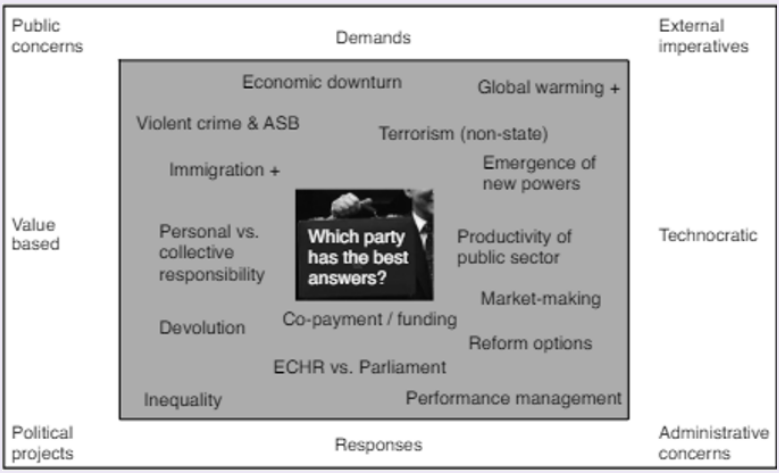
By the change election of 1997, and 2001, economic concerns had eased and were overtaken by concerns about public services such as the NHS and education. However, by 2005 top concerns had shifted to defence and terrorism, immigration, and crime (a 'fear of others').[24] By the next change election, 2010 – in the wake of the financial crisis and soaring deficit – the economy was dominant again. Then by 2019, following Brexit and associated political turmoil, the relationship with the EU had become dominant.

As the 2024 election approached, the political kaleidoscope had shifted once again. The UK public's top concerns had shifted to inflation, the economy and the NHS – a loose combination of elements from all three previous change elections: 1979 (inflation); 1997 (NHS), and 2010 (economy).

These shifts in public concern aren't arbitrary. They reflect real changes in the economy and society. They also have an optimistic edge, serving to remind us that, in general, the challenges of each political generation are met – at least with sufficient vigour that they drop back as top public concerns. The mass unemployment of the 1980s is a distant memory for those voting in the 2024 election, even if the scar left on the generations affected can still be seen today.

These shifting challenges in part shape the demands made on, or focus of, each political generation's practical theory of government. Thatcherism had to respond to a struggling UK as the economies of other nations rapidly industrialised and upgraded. Her response – baked into her theory of government – was a combination of economic liberalism, led by privatisation, matched with a philosophy of self (or family) reliance, a tightening of welfare and a drive to reduce taxes. Thatcherism also met the Reagan test of legibility: love it or hate it, everyone felt they knew what Thatcher's theory of government was, including civil servants, pundits and opponents.

Figure 8 Matrix of issues facing an incoming Prime Minister in 2010[25] [26]



Similarly, though Blairism may have been a little blurry early on (a promise to rebuild public services, without breaking the bank), its practical theory of government – often known as 'new public management' – became clearly documented and well known through the second term (see figures above).

Blair was flexible enough to evolve his thinking through his decade in power, and the evolving priorities of the public – a challenge that Starmer may also be lucky enough to experience. For example, by the run-up to the 2005 election, Blair's practical theory of (domestic) government had developed a strong new strand of thinking, captured in the phrase 'tough love'. This was embodied in policies such as the promotion of the ASBO (anti-social behaviour order), tough measures on parents failing to get their kids in school, and in the 'Respect' campaign that featured heavily in the lead-up to the vote. This approach combined support for people in difficulty (and/or causing trouble for others) with clear demands and expectancies. It enabled the late-Blair Government to occupy a space that blended the supportive welfare instincts of the left with a toughness and moral or behavioural expectation more akin to the right. This 'authoritative' – rather than liberal or authoritarian – approach to government was also politically successful: estimates from after the 2005 election suggested that 'tough love' policies helped Labour gain or hold an extra 40 seats.

Many of these shifts, and the revised practical theories that follow in their wake, become overlaid on each other. For example, many elements of Blair's tough love approach to government were carried forward as part of the Cameron 2010 Government, such as the use of conditionality in welfare payments and the big expansion of the Troubled Families programme.

This illustrates a further key point about practical theories of government: they direct attention to changes or new elements in governments' accounts of the 'what' and 'how'. Public servants don't need a new theory for things they already know how to do, such as

collecting taxes or running unchanged welfare systems. The theory needs to direct attention and explain how to do new things.

This fits with the classic advice given to new or incoming Ministers – or Prime Ministers – by old Whitehall warhorses: be clear about what you want to achieve, and focus on that. After all, your private office can fill your diary and your red box 10 times over, so you had better give your office a steer on what's important to you, and in particular on the things you want to change. But your intent has to be married with reality. So the more nuanced version of this advice is for the Minister to:

1. Deprioritise: things your department knows how to do, wants to do, and will likely do regardless. Unless you have a violent objection, just let the department get on and do these things, and don't spend much time on them (cf 'keeping the lights on').

2. Avoid: things your department does not know how to do, and/or will fight you all the way on. Unless it's really important to you, don't go there.

3. Focus: on things that are important to you, that your department may not be sure how to do, but if you leaned into, you could make happen.

It is this third category where a Minister, or government, needs to spend their time. And it is around these issues that their theory of government needs to bite, be that Thatcher's lever of privatisation, or Blair's new public management (or later 'tough love'). These shifts are also the sites around which the biggest opportunities for impact exist – and they often align with rigidities or lacunae in the previous government's theory of government.

A key insight is that governments often fail, and prime ministers run out of steam, when their theory of government has passed its sell-by date. Ironically, this may arise out of success: that the challenge that they were elected to address, and their theory of government was fashioned around, has eased relative to new, more urgent challenges.

The Illusion of explanatory depth: a warning about overconfidence

We often think we understand things, but when pressed realise that this sense of knowledge or understanding is a surprisingly thin veneer. This includes our accounts of how missions or targets might be delivered.

In a famous series of studies, Rozenblit and Keil asked people to judge how well they understood how everyday processes or objects worked.[27] For example, how does a toilet work? Participants were first asked to rate their own understanding, then asked to write down their explanations, having previously seen examples of detailed or thin explanations from other areas.

The experiment showed that people have an 'illusion' of understanding about how everyday objects and processes work. Familiarity creates a false sense of understanding: I know how to use a toilet and what it does, therefore I must understand how it works. It can be a shocking revelation to discover this illusion: that you don't understand how a toilet works after all.

This illusion is alive and well in the policy world. Targets, missions, and sustainable development goals can create an illusion of explanatory depth. Producing statistics on how many children are passing exams, or how long the waiting lists are in healthcare, creates a sense that policymakers have an understanding of how children learn or how waiting lists can be lowered. That confidence is generally misplaced. Mapping an outcome is only a first step: by itself, it gives little clue about what drives that outcome, or how it might be improved.

There is a related effect, known as the 'illusion of skill acquisition', which is also relevant and sobering. People have a strong sense that if they observe someone doing something, they will understand and be able to do it themselves. For example, after watching videos of people playing darts or flying planes, people become much more confident in their ability to perform those tasks. But the experimental data shows that this confidence is misplaced: participants who watched the videos were no better at doing the tasks than those that didn't, even though they had become more confident.[28] Policymakers are arguably similarly prone to overconfidence:

they think if they have seen a previous government or public service practitioner doing something, they then know how to do it. This can lead to hard lessons and landings.[29]

Paradigm shift

> 'An important scientific innovation rarely makes its way by gradually winning over and converting its opponents ... What does happen is that its opponents gradually die out, and that the growing generation is familiarized with the ideas from the beginning: another instance of the fact that the future lies with the youth.'
> **Max Planck, 1950**[30]

Change moments and elections can enable an administration to break out of 'fixations' or rigidities of thought or theory. Within the scientific domain, Kuhn coined the phrase 'paradigm shift' for such major updates in thinking. These typically involve a 'gestalt-like' shift in perspective, tipped over by a critical mass of falsification or cracks in the previous theory, that then recasts how people see a host of other evidence and observations.

It is a perspective on the history and philosophy of science that is allied to Karl Popper's 'falsificationism': that the essence of the scientific method is to try and falsify any given theory and replace it with a better one. Viewed through Kuhn's perspective, this falsification of previous theories doesn't happen in smooth incremental steps. Instead it occurs in rare seismic shifts where the tensions and cracks in the theory finally become too great and the perspective shifts like a mental earthquake.

Change elections can have this characteristic, expressed not only in the electoral result, but in the shift of the underlying theories of government.

Let us revisit changes in government with the Kuhnian perspective in mind. John Major or 'Majorism', including his successful 1992 election, can be viewed as an incremental moderation of Thatcherism. He backs away from Thatcher's controversial local government finance

reforms (themselves rooted in a quasi-market account of individual responsibility and use of resources) and layers on ideological moderation and 'back to basics'. But Major fundamentally sticks to the core precepts of the Thatcherite account of government.

In contrast, Blairism – at least as it evolves over time – involved a more fundamental shift of perspective, both from Thatcherism and Majorism. Central to this shift was a defence of the positive role of government and a re-energising and belief in public services. Like many shifts, Blairism incorporated or accommodated many elements of the previous worldview but recast them. For example, Blair does not back away from the market having a positive role to play but it is repositioned as needing periodic guidance by the state. This was embodied in the controversy around the huge increase in pay that British Gas chief executive Cedric Brown received when the energy supplier shifted into the private sector a year before the 1997 election. The Blair Government view wasn't that British Gas needed to be renationalised, but that regulation was needed to cap off such unjustified rewards. Loosely captured in 'Third Way' thinking, this was 'tough love' applied equally to the unearned rewards of a 'fat cat' as to a person on benefits who was fit enough to work.

Just as Blair's theory of government hit the weak spots of Thatcher-Majorism to trigger a wider shift in thinking, Cameron broadly achieved something similar. Cameron's top-line critique of Blair-Brown (especially the latter) hit at the over-extension of the state in both fiscal and regulatory terms. Brown's team saw an expansion of state expenditure as a way of locking in a permanent shift towards a European social welfare model: once people had the benefits of better-funded services, who would want to wind them back? But Cameron's – and his director of strategy, Steve Hilton's – counter was not just an incremental one (ie dial state spending and taxes down a bit). Rather, it was more akin to paradigm shift locked together with an argument for 'Big Society'.

Interestingly, the case for a similar shift – a greater emphasis on civic society and social capital – was rehearsed as part of the 'policy review'

that occurred before the transition from Blair to Brown. That this shift wasn't picked up then is itself an illustration of the power of paradigms (and Brown had other issues on his plate, such as the financial crisis). As part of a theory of government, paradigms guide thinking and action. But they also tend to block off other options or ways of viewing the world. It is these blind spots that create the opportunity for the next shift to occur.

A key point about paradigms is that once you are in them, it is hard to see the world in a different way (cf the demise of the PMSU in the wake of the 2010 administration). Within the history of science, this is known as 'progressing one funeral at a time'. Fortunately in politics, you don't have to die, but you might have to lose an election.

Equally importantly, often it takes time for the next generation to crystallise out what the new paradigm is, just as we saw with Thatcher and Blair – each taking much of their first term to evolve their '-ism'. But given the importance of practical theory to mobilise across government, it is worth doing this faster, if at all possible (including flushing out potential contradictions or faults in the theory before it goes 'retail'). This certainly applies to Starmer in 2024. It is generally agreed that he has inherited a far more difficult in-tray than Blair and cannot wait until his second term to find his stride.

3. What is the new theory of government?

Having briefly reviewed the importance of practical theory, and skimmed how it shifted between changing governments in the UK, it is time to outline the shape of what this practical theory might look like for the new 2024 Labour administration.

To recap, a practical or intermediate theory of government must specify 'what' (goals); 'how' (including methods and mechanisms); and ideally 'who' (who needs to act). A practical theory needs to have a sufficiently high level of generality that it can be applied across multiple policy domains, not just in relation to an isolated policy area. It needs to be more on the level of 'this is how you can improve public services' rather than 'this is how you can improve schools'. It also needs to have enough detail to act as a loose 'user guide' to policymakers across the administration.

This final section is divided into two parts. First, there is a brief assessment of some of the key emergent blind spots in the 'theory of government' of the previous UK administration (2010–24). These blind spots are especially potent points of renewed policy and political leverage. Second, an outline of what the emerging practical theory of government might be for a successful and impactful Starmer administration.

Start with the blind spots and failures

There are always criticisms of any government. After all, 'every political career ends in failure'. For governments, that's not just losing an election – it's losing the argument: your practical theory, or delivery of it, didn't deliver the goods, or stopped delivering them. The focus here is not on political ructions, but on the theories that underpinned policy. This short list is almost certainly incomplete, but it at least provides an illustrative starting point for debate.

Ambivalence about government

A characteristic of all the five Conservative PMs since 2010 – Cameron, May, Johnson, Truss, and Sunak – was an ambivalence about the role of government in both economy and society. This was manifest in the views of these prime ministers' most senior advisers.

Dominic Cummings' rages against the 'machine' or 'blob' became legendary, but he was not alone in this view. Steve Hilton, Cameron's chief political adviser, shared many of the same views as Cummings, manifest in rows with the late Bob Kerslake, then head of the civil service. Hilton literally wore a T-shirt laying out what he saw as the essence of the argument: 'Big Society, Not Big Government'. Lots of people probably agree with that sentiment, but it's quite a statement to make when you are at the very heart of Big Government. Similarly, Nick Timothy, May's (joint) chief political adviser, felt strongly that central government needed capping, though in his case he believed the shift needed was to Joseph Chamberlain-style city governments rather than Hilton's Big Society.

In markets we trust?

A key belief, or instinct, in the thinking of the 2010–24 Government(s) was that, in general, governments should get out of the way and let

markets do their thing. This was not a blanket position. From coalition-Cameron to Sunak, Conservative Governments saw a role for the state, but it had clear limits. This role included: delivering traditional public goods, such as roads or schools; funding pure research that is too far from commercialisation to be delivered by companies; and fostering skills that would be under-delivered by companies due to free-riding problems (cf the apprenticeship levy). The state was also seen to have a classic safety-net role, including through Covid (cf the furlough scheme).

Nonetheless, the starting point for policy, across a wide range of areas, was that markets should be left to solve problems for themselves. This political instinct aligned with a Treasury instinct – itself rooted in a classical economic worldview. For example, as one senior Treasury figure of the time put it: 'We know we need to have a business department for political reasons – to show we're supporting business – but we don't really believe there's any point to it.'

There was a wobble in the Treasury's faith in the classical view in the wake of the fallout from the 2008 financial crisis. But by the time of the 2010 election, it was largely back to business as usual. Markets might not be perfect, went this view, but they were almost always a better way of allocating resources than any other way of doing it (beyond the exceptions above).

Built on sand

Most governments are shockingly unempirical. Governments cannot even lay claim to the infamous advertising claim: 'We know half of it works, we just don't know which half'.[31] This lack of empiricism sits alongside the widespread 'illusion of explanatory depth' (see box earlier).

To give the UK credit, it is actually seen as ahead of many governments. The UK is specifically viewed as leading with some of its institutional

innovations. The 'What Works Centres', building on the Blair-era National Institute for Health and Care Excellence (NICE) in medicine, have expanded into a set of institutions that now cover schooling, social work, policing, and a number of other public service professions. In recent years, the Treasury has dialled up its interest too, quietly pushing for evaluations within spending reviews and establishing the joint Cabinet Office-HM Treasury Evaluation Task Force (ETF).

But important though these developments are, they have largely been 'guerrilla operations', with limited political backing. This was illustrated with the publication of an internal estimate that only eight percent of major new programs – not legacy spend – were subject to evaluation.[32] At a time when government spending is under enormous pressure, and public service productivity has flatlined for more than two decades, this lack of empiricism is a lacuna that we can no longer afford.

Missing the skills

A more subtle lacuna of British government is arguably the skills and capabilities of the public and civil service – and the lack of institutions to strengthen them.

The much-admired Singapore Government – for its administrative competence – sent around 40,000 of its civil servants to courses at its Civil Service College in 2010. The UK, despite being 10 times the size, sent around 30,000 to its National School of Government – ie less than a tenth of the training volumes given the relative size of government.

The National School itself was shut around 2011. The stated intention was to overhaul it, since it benefited neither from being alongside the institutions it was supposed to support (versus say the Canadian School of Government), nor from being in the milieu of a top university (versus say the Harvard Kennedy School in the US, or Australia's ANZSoG model[33]). The UK then spent the decade following setting up a string of online and other light-touch institutions, most of which were then shut

down, such as the UK's National Leadership National Centre, which ran from 2018 to 2020.

It is possible that the current 'functions', including the Policy Profession, Analytic Function and so on, could mature into key building blocks. But they have very few resources to test, foster or fund the capabilities of the civil servants within them.

The social fabric

Despite Hilton's championing of the 'Big Society', this agenda crumbled under the dual weight of coalition government and austerity. Boris Johnson briefly brought back the notion, challenging Thatcher's famous line that 'there is no such thing as society', to state that there is and it matters. It was a pivot prompted by the self-evident importance of mutuality and sacrifice that people experienced during the Covid crisis.[34] But it too crumbled in the face of Covid party scandals and other political pressures.

Yet the social fabric really does matter, and its importance is systematically underestimated in policy and practice. 'Social capital' – as measured by whether people say 'yes' to the question 'Do you think that most other people can be trusted?' – is a stronger predictor of the national economic growth rate than human capital, and comparable to the impact of investment capital. Yet it has never featured in any Treasury or Business Department model. Social capital is also strongly predictive of life expectancy, individual earnings and mobility, educational attainment, and crime. It is even a key driver of the performance of government itself: it is much easier to run a country where citizens generally support each other, pay taxes, and readily self-enforce laws.

The lack of focus on the social fabric is a classic and glaring example of paradigmatic blind spot. A lack of awareness of the causal impact leads to an absence of policy focus or testing, which in turn reinforces

the neglect and importance of the issue – including potentially powerful policy levers.

Under-weighting situational causes

Other areas where the 2010–24 Governments took strong ideological positions are strong candidates for policy innovation, arguably have a common theme. This might range from changing viewpoints on on-shore windfarms and house-building, to revisiting the relationship with the EU (controversially).

A strong early candidate for paradigm shift could be the thinking behind the criminal justice system. The UK's public and political attitudes to offenders is strongly anchored in view of offenders as 'bad people', rather than 'people who did a bad thing'. It is a view shared with our North American cousins, but not one shared by all countries. The criminal justice systems of countries such as Japan, Singapore and Norway – all of which achieve much lower recidivism rates than the UK – put more focus on the offender having done a bad thing, rather than being a bad person. This leaves more room for 'redemption', or 'reintegrative shaming', where a person is punished but then much more actively 'forgiven' and reintegrated into society.[35] UK prison leavers have a reoffending rate of around 50 per cent in two years. Norway prison leavers have a reoffending rate of 20 per cent.

The UK position on reoffending may give clues to a wider tacit theory we have about people and what drives their behaviour. In general, we underrate, and under-focus on, situational factors in many domains. For example, there is a very strong case for arguing that UK policy and thinking over-attributes obesity and 'lifestyle' diseases to laziness and personal choice, whereas most of the variance that explains our the UK's high obesity rates relative to other countries lies in our obesogenic environments. If you want to lower obesity, make it easier to live healthy. Similarly, if you want to reduce offending, make crime harder to commit.

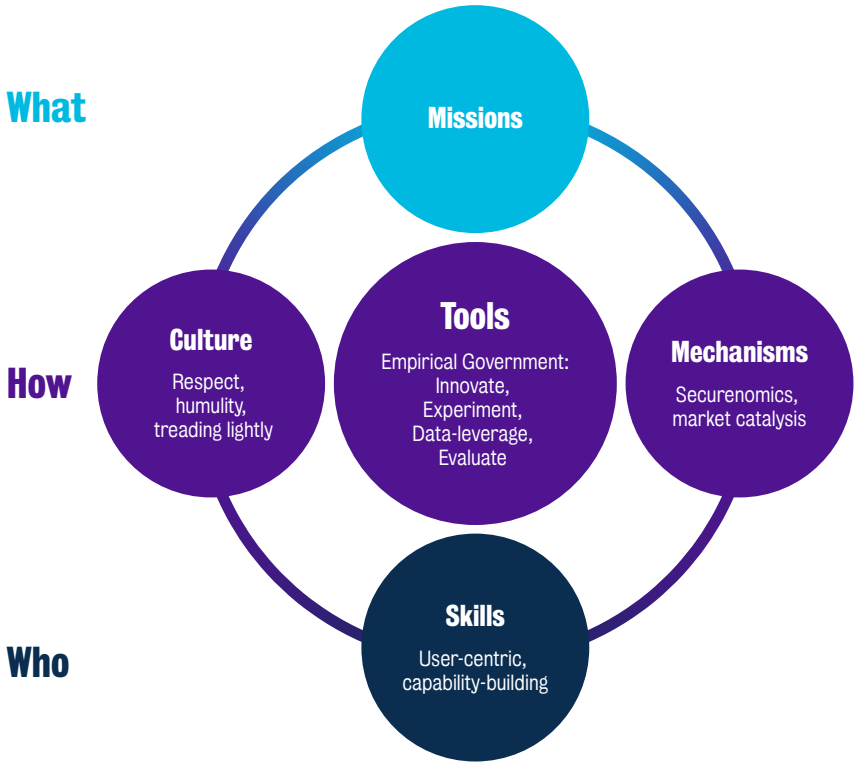
This doesn't mean that personal responsibility doesn't matter. It is more that UK policy repeatedly underplays the importance of 'field factors', and then under-utilises the corresponding policy levers (such as reducing the density of junk food outlets, or target-hardening to reduce crime).

Key elements of an updated theory of government

The key elements of an updated theory of government need to cover:

1. **What:** The key priorities, targets or missions of the government
2. **How:** The key 'mechanisms' and 'methods' to be used.
3. **Who:** The key people and capabilities to be mobilised.

Figure 9 Key elements of an updated 'practical theory of government'



What?

1. Missions, targets – a high-level dashboard for government

Governments have purpose, and so should a practical theory of government. It is worth noting that this is not a constraint that necessarily concerns academic theorists, though it is one that should concern evidence-based professions. Medicine, for example, is not just about building better theories of disease: it is about understanding disease in order to cure it. In some fields, this is a real argument. Is economics the abstract study of markets and allocation, or does it have a purpose: to make markets work better and to increase human flourishing? By contrast, governments inherently have a purpose, and it is right they should state what it is.

The new Government has laid out five big missions. These have a major advantage over the (arguably) over-specified and narrow pledges of the 1997 and 2001 administrations.

However, work needs to be done to tune their specificity and breadth, and to get in place an appropriate machinery of government to ensure their successful delivery, particularly around potential trade-offs and resource prioritisation. For example, with respect to economic growth, Mazzucato et al argue that 'macroeconomic indicators like GDP should be understood as the outcomes rather than the targets of economic policy'.[36] Similarly, improving population health might be seen as a better higher-level mission, or useful clarification, than 'an NHS fit for the future'.

There is an important slog to build an empirical underpinning to such missions, creating a map of how the top-level missions relate to key underpinning variables. For example, this might be expressed as a waterfall diagram that shows the estimated contribution of different interventions to halve violent crime ('take back our streets') or achieve net-zero electricity (clean energy), including estimated shortfalls and implied costs. This mapping should also show the relationship between

the core targets and a broader basket of measures, to avoid 'winning the battle, but losing the war' – where specific targets are delivered, yet the underlying intent is missed.

Figure 10 The Labour missions, and corresponding 'first steps' (10 July)

Labour missions (in order)[37]	**'First steps'** (re-ranked to align to mission)[38]
Kick start economic growth ...highest sustained growth in G7	Deliver economic security (1) ...stick to tough spending rules
Make Britain a clean energy superpower ...cheaper, net-zero electricity by 2030	Set up Great British Energy (4) ...paid for by a windfall tax on oil and gas giants
Take back our streets ...halve serious violent crime	Crack down on antisocial behaviour (5) ...13,000 extra neighbourhood police
Break down barriers to opportunity ...no class ceiling on ambitions of young	Recruit 6,500 new teachers (6) ...paid for by ending tax breaks for private schools
Build an NHS fit for the future ...fewer lives lost to the biggest killers	Cut NHS waiting times (2) ...by delivering 40,000 more appointments each week
	Launch a new Border Force Command (3) ...will involve counter-terror style tactics

There will inevitably be a host of other issues and targets that departments and Ministers will want to add in. It will require discipline to avoid the multiplication of targets that eventually characterised the Blair-Brown Government. An early illustration of this pressure was the addition of violence against women and girls as a 'mission' (see the Prime Minister's remarks after the King's speech[39]) – is this a subset of the 'safer streets' mission, or a new addition? Similarly, while five of the six 'first steps' of government map onto the missions, the launch of the Border Security Command is harder to square – and arguably corresponds to an unspoken sixth mission of security and secure borders.

One area to particularly look out for, in the mapping of drivers and levers behind missions, is common underlying weak links or 'causal gateways'. One such gateway is likely to be 'productivity'. This is so pivotal for both growth and public service delivery, that it will likely

emerge as a cross-cutting 'theme' on which the success or failure of the government may rest.

Finally, a key part of missions, just as of any goal, is tracking and 'grip'. Focus and effort matters[40] – absolutely necessary, if it is not sufficient, for success. There is a live argument about how much of this should be done within lead departments versus the centre. For the most part, the current five missions have fairly clear lead departments (implicitly raising a question about what should be the priority 'missions' for other great departments of state). A Mission Delivery Unit has also just been set up in the Cabinet Office, headed by a newly appointed Second Permanent Secretary, with a team of around 25 people – or roughly four or five civil servants to track each mission.

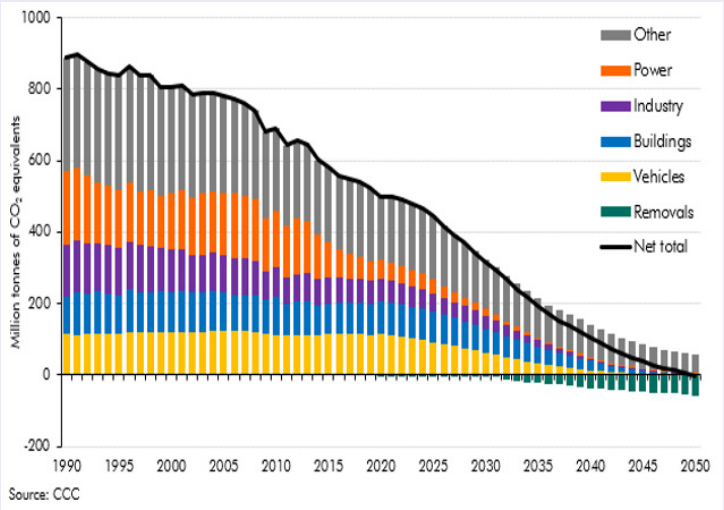
Some argue that missions are, and should be, broader than individual departmental boundaries. Yet this is actually true for almost any serious policy issue, and there are major benefits from having relatively clear 'task responsibility' at Ministerial and departmental level. That said, as top-level priorities of the Government overall, it is right that the centre – Prime Minister and Treasury – regularly check progress towards the missions, including making sure they have adequate resources, and resolving tensions or conflicts between departments and other objectives of government. This overall 'grip' or delivery focus in turn leads into the question of 'how?'

Mapping out a mission: the example of net zero

In many ways, existing work on net zero offers a prototype for how missions can be pursued. The target is relatively clear: to reduce carbon emissions to zero. This can be done through a combination of switching technologies away from carbon emissions, reducing consumption, and potentially carbon capture. Work by bodies such as the Climate Change Commission (CCC) has already mapped the relative emissions from different sources, and it has outlined possible pathways to achieve the goal – but with well-documented uncertainties and options (see figure below).

Other missions will need to produce similar maps of causes, sub-targets, and possible pathways. It is noteworthy that Chris Stark, previously the head of the CCC, has been recruited into government to help guide and deliver the mission. Comparable figures and expertise should be sought – or built – for other missions.

Figure 11 Current and projected carbon contributions of different sectors



How?

2. Tools – empirical government

A 'mission-based' approach implies clarity on objective, twinned with an empirical openness about delivery. But this does not imply a random walk towards finding solutions. Rather, it needs to utilise a series of interlinked tools and methods to identify 'what works'.

These methods include:

- **Living evidence reviews.** A start for any mission area is to assemble the existing evidence from across the world. This is currently a surprisingly haphazard process. Producing an 'evidence gap map' and a systematic evidence review is a 'no-brainer' for any mission. Joint commissioning of such reviews across governments can improve the breadth of reviews and lower costs (see *Blueprint for Better International Collaboration on Evidence*[41]).

- **Exploration.** The extensive use of data to map and better understand the causal drivers of the issue, and to identify candidates for intervention. For many public policy issues, such as 'safer streets' or 'breaking down barriers to opportunity', this should explicitly include the study of positive and negative outliers, or variance. The patterning of this variance can give important clues about causes and possible solutions. For example, why do children in a particular geography or school have better outcomes than would be predicted by their socioeconomic background? What is done differently by the teachers, community, or context? Increasingly, this hunt for patterns can be assisted by AI and machine learning, including leveraging linked administrative and incidental data.

- **Creative solution development.** Many systems and practices are 'anchored' to existing practices and mindsets. As such, it can be important to use specific design techniques to identify and 'greenhouse' new possible solutions. Similarly, there is no point

conducting a randomised controlled trial (RCT) or moving to scale before an intervention has been 'prototyped' or de-glitched. Importantly, this solution development will almost always include engaging with citizens, users, and frontline professionals to bring in their perspectives and insights.

- **Experimentation.** The dirty secret of government is that we spend billions of pounds without knowing what works, where or for whom. People often refer to 'experimenting' in the everyday sense of 'trying something new'. That is not good enough for government. It is absolutely essential to deeply onboard a 'test, learn, adapt'[42] approach with rigour, repetition and scale. Medicine and digital tech made major advances through relentless testing, tuning and refinement – not just through one-off breakthroughs (see box below). Linked to this, Whitehall and town hall need to become familiar with the half a dozen main experimental techniques (including difference in differences, step-wedge, discontinuity, and propensity score matching designs, along with more traditional RCTs and multi-arm trials). Harnessing natural and deliberate variations in practices across local areas, services, and professionals is arguably our best route to lifting public service productivity.

- **Evaluation and feedback.** Closely allied to active experimentation, governments need to radically upgrade their routine use of evaluation and feedback. Improving the use of robust evaluation and feedback is pivotal to delivering on missions and improving public service cost-effectiveness more generally. Using the new provisions in the Procurement Act, which come into force later this year, is an important new lever in its own right. These provisions enable and encourage government and public services to take into account past performance in contracting – something which has previously been 'shrouded'.[43] Once again, this past performance should consider user experience, alongside more technically assessed outcomes.

- **Digital.** It is widely agreed that massive efficiency and quality improvements should be possible through the digitisation and

automation of many public (and private) services. It is also agreed that relatively modest progress has been made so far. Harnessing the full potential of digital and AI developments must be a key tool for any contemporary government, including building the public trust and technical trustworthiness on which its success depends (see Peter Kyle's maiden speech as Secretary of State to the House of Commons for a powerful recent statement of intent).[44]

- **Data leveraging.** Governments have been slow to assemble and leverage data assets, but these are the foundations on which empirical government must be built. In particular, there has been repeated confusion over how data linking should operate, and for what purpose. Governments and citizens have been rightly wary about the creation of 'data lakes' that join up massive arrays of data at individual level, and that may be vulnerable to breach and abuse. However, data linking, with strong safeguards, will be necessary for better, more individualised public services. A great deal of empirical government, too, requires a less intrusive form of data linking that enables comparisons between groups while preserving anonymity. This data architecture needs to be built urgently.

- **Replication, scale-up, and successful implementation.** Even when successful interventions and improvements are developed, they are often very slow to spread and be adopted. This 'scale-up' challenge requires explicit focus in its own right, including the nurturing of the 'absorptive capacity' of public sector professionals and purchasers to distinguish well-evidenced programmes and interventions.

There are a number of frameworks that attempt to bring together these types of approaches (including the Behavioural Insights Team's TESTS framework[45]). It doesn't matter too much which overall framework is used, but it is important that government radically ups its game.

Three types of innovation

The 'tools' of 'how' are all intended to drive innovation – the development of new and effective ideas, processes and products. There are three primary types of innovation, all of which are relevant to the development and delivery of better government and public service outcomes.

'Radical' or 'recombinant' innovation is the classic 'light bulb' leap forward. It rests on the creation of new products or ideas, or recombining existing products in novel ways, to create something new. Fleming's discovery of penicillin and the jet engine are examples. Radical innovation can be made more likely by deliberately bringing together people and disciplines in fresh combinations, such as in internal or external 'think tanks'. The Blair-era PMSU, for example, deliberately brought together an unusual range of people from inside and outside government to identify fresh perspectives on long-standing policy problems.

'Incremental' or 'marginal' innovation is gradual tuning and optimisation of a product or service. It is the less glamorous sibling of radical innovation, but arguably does more of the work. Many medical advances have come from incremental innovation, including the translation of Fleming's breakthrough discovery into a practical, mass-produced antibiotic that saved the lives of millions. Incremental innovation is also in use in everyday digital life through the use of 'A/B formatting' – the continual testing of variations of digital products or sites – to identify which approaches lead to higher click-throughs, more attention, and higher revenue. It is surprisingly under-utilised in government and public services.

'Frugal' innovation refers to a cross-cutting class of innovation aimed at achieving more with less. It stands in contrast to forms of innovation that drift towards superior but more expensive products (cf medicine or cars). Sometimes both forms are seen in parallel – for example, Apple phones might be at one end of the spectrum (getting better but more expensive), while Raspberry Pi computers are at the other (deliberately lowering the cost of computing). Given flatlining productivity, public services would do well to dial up frugal innovation, including the more effective use of mid-level and established tech.

3. Mechanisms – the theory inside a theory of government

As discussed earlier, governments have theories about how economies and societies work, which in turn guide and explain many of their actions. Sometimes these are tacit, and sometimes they are explicit. They can have empirical roots, and often political roots too. These accounts are often blended together to become accepted wisdoms that can aid or constrain government action.

The 2010–24 administration is no exception, and the new Labour Government will also evolve its own account. A key element of the current empirical and political shift concerns the role of government in markets. To caricature, the previous Government's instinct was that governments should generally get out of the way of markets, letting them solve problems for themselves. There is not the space to unpick this argument fully here, but suffice to say, part of the view of the new Government is that the position has been wrong, or at least overstated.

The position has essentially shifted to something more akin to what we might call 'catalytic government' or 'what can we do to help?' (not a phrase Reagan would have approved of). This extends into relatively obvious areas, such as expanding the range of actions governments might take to foster and increase investment, through to less obvious areas, such as addressing widespread 'behaviourally based market failures' (as the Competition and Markets Authority has increasingly started to probe). Strongly linked to this line of thinking is an exploration of missing 'market intermediaries'. These range from institutions that sit between market and government to identify and plug gaps; negotiate sector 'deals' between business, government and workers (cf GB Energy); through to data and market intermediaries that 'boost' the ability of consumers to differentiate product and service quality, reducing consumer detriment and accelerating the growth of better products and companies.

Such active market design and shaping is an important shift within government thinking. It can already be seen in the Labour

Government's line on economic growth and clean energy missions, and will likely play a role with respect to the other missions too (such as promoting healthier lifestyles and more secure products).

Other areas where there is room for significant – or paradigmatic – shifts include the role that society and social capital plays, through to a recognition of the more nuanced drivers of disadvantage. This featured as a recurrent strain of thought in Keir Starmer's speeches, and was further brought out in his response to the riots that shook his early days as Prime Minister:

> … these riots didn't happen in a vacuum. They exposed the state of our country … Revealed a deeply unhealthy society. That's what we have inherited. Not just an economic black hole. A societal black hole.[46]

Recent work has reconfirmed earlier views that social trust and networks have major effects on economic growth (as much or larger than human capital), educational attainment, health, crime, and even the performance of government itself. Similarly, there has been a growing understanding of the subtle and underrated factors that help explain the propagation of disadvantage. These factors hold back many people and the UK's social and economic performance as a whole. Such factors include the burden of 'sludge' – from subscriptions that are easy to start but hard to escape, to prices that require a PhD to compare – and time taxes from over-complex administration. Another important burden comes from 'tunnelling effects': the mental effort and crowding out of other thoughts and decisions that come from endless money worries of around a quarter of people in Britain today.[47]

Addressing these lacunae opens up new lines of inquiry for policy and practice that the tools of empirical government can be set to work on.

4. 'Culture' or 'style'

One of the characteristics of governments is their 'culture' or 'style'. This includes their moral, organisational and procedural approach. This is sometimes seen as a veneer or rhetorical matter, but this understates its importance, as many large organisations have discovered.

People care deeply about the intent of others, including the intent of government actors. Are they doing it for themselves, or are they doing it for the benefit of all? Indeed, a huge chunk of our mental activity is dedicated to thinking about such issues, as well as a corresponding chunk of psychology (attributional theory).

People also care greatly about what legal scholars call 'procedural justice' or fairness. To put it simply, it's not just the outcome of a process that matters (did I win?), but whether you felt that the process was fair and just. Similarly, it matters to people that they are treated with respect and dignity, both to those within organisations and to those they intended to serve.

This is not to say that outcomes don't matter. Of course they do. A government that fails to deliver a growing economy and better public services can expect to be thrown out by voters. But the process and style of government also matters.

This is true from the behaviour of leaders, down to the day-to-day experiences of frontline services. People ultimately don't like leaders who are seen not to tell the truth, or who act in their own self-interest, even if they promise to deliver the goods. Similarly, it matters greatly to people to be treated with respect and dignity in job centres or hospitals: it matters that 'they know my name' or 'they went the extra mile'.

For the 2024 Government, a shift in the culture or style of the administration has been a prominent feature through all of Keir Starmer's speeches. This includes a repeated emphasis on 'public

service', a call to 'tread more lightly', treating people with 'dignity', 'calm and patient', and 'respect and humility'.

A shift from hubristic leadership to something more akin to team-playing, 'public service' 'respect' and 'humility', is not an add-on, but a legitimate part of a 'practical theory of government'. It involves taking an overt and active position on the culture of institutions of government, and the appropriate behaviours of those within them. It can be seen in measures included in the King's speech, such as the duty of candour and revisions to parliamentary conduct and oversight. It should also be expected in decisions and guidance about the behaviour of civil and public servants, signalling and enforcing a cultural or style 'how' of the government.

Who?

5. People and skills

In addition to the 'what' and 'how' of government, there are important questions about the 'who'. This includes an account of who is doing what, including key partners and institutions (task responsibility), and whether they have the skills and capabilities that they need.

Government is composed of people. In the case of the UK, this includes:

- 1,000 ministers, MPs, and other overtly political figures.
- 400,000 civil servants.
- 5,000,000 public servants.
- 60,000,000 other citizens and workers.

We need to ask if our civil and public servants, and their institutions, have the skills and capabilities to deliver the 'what' and 'how'. A scan of

the 'how', and particularly the tools that our practical theory requires, strongly suggests not. For example, surveys of civil servants and politicians have identified evaluation and joining up across policy areas as key weaknesses in UK policymaking and delivery.[48]

Perhaps we shouldn't be surprised. The UK is unusually weak in terms of the institutions we have to bolster such skills. The National School of Government was shut in 2011, and a changing patchwork of institutions and online courses followed in its wake. A cursory comparison with Singapore, the highest-performing government in the relevant World Bank rating on government performance, is illustrative. Even when the UK did have a National School, around 30,000 people went through its courses every year. In contrast, 40,000 went through Singapore's Civil Service College, despite having a population and public service less than a tenth of that of the UK.

Similarly, despite the proud heritage of Northcote-Trevelyan, we do not currently systematically test our civil servants on the core tools described above, nor promote on the basis of these capabilities.

We are also not good at harnessing the wisdom or experiences of our citizens or public service users. Outside a limited range of attempts, such as the incorporation of the 'friends and family' test in health care – which asks about people's experience of the service they received – most of our public services are fundamentally not oriented to listening and learning from those who use them (cf feedback above). Public services shaped around people, rather people having to shape themselves around public services, should be a working principle, not just an aspirational puff.

Indeed, there is a strong case for going further, incorporating into our governance itself a stronger role for citizens not just as 'users' but as active partners. The new UK Government might do well to follow the lead of the Irish Government's incorporation of citizens' assemblies into the heart of its working. This is particularly important in the context of a potentially more activist, 'smart' or 'catalytic' state. In this

sense, deepening and broadening the power of the public to shape and constrain government goes hand in hand with entrusting it to do more. It is the 'shackled leviathan' in action.

In sum, a practical theory of government should include within its heart a serious drive to boost the skills and capabilities of our public servants, alongside a strengthening of 'user-centricity' and empowerment. Such a drive will need to identify and build some of the UK's 'missing' institutions, from data intermediaries and citizen engagement; to the creation of truly evidence-based public service professions and a credible school of government(s).

Conclusion

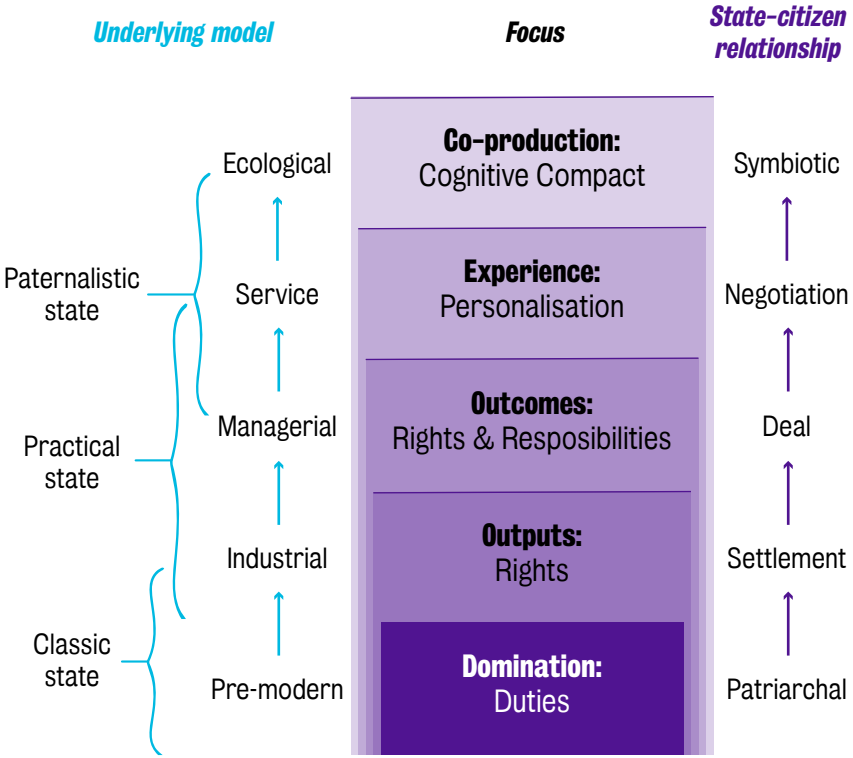
> 'Catalyst: a substance that causes a chemical reaction to happen more quickly; a person or event that quickly causes change or action.'
> **Britannica Dictionary**[49]

Effective and legitimate government is an incredible human achievement. It is an achievement at least on a par with the more familiar technical revolutions, or agriculture or industrialisation. Legitimate governments enable us to cooperate with our fellow citizens, producing public goods, safety and freedom. They enable us to tread a path between anarchy and dictatorship: the precious 'narrow corridor'[50] to societal and economic flourishing.

Governments that perform well – in the sense of delivering for their citizens – attract higher trust from their citizens. Countries such as Norway, Sweden and Switzerland fit this description.[51] On the other hand, the Governments of countries such as Peru and Guatemala perform badly and only a minority are trusted. The strength of this relationship, at least in democratic countries, offers encouragement to a new government in the UK: deliver, and the public will recognise it and reward you with their trust. As the political scientist Pippa Norris puts it, echoing Reagan, people 'trust and verify'.[52]

Yet governments are prone to intellectual and political fixation, which can lead to decaying performance and underachievement. Fortunately, the genius of democracy gives voters and countries an alternative to 'progressing one funeral at a time'. Changes of government create periods where we can reassess the tools and assumptions of our collective institutions.

Figure 12 Evolving notions and expectations of the state[53]
(Perhaps a better model for today is a 'partner' or 'catalytic' state?)



Basic security and the provision of basic public goods are only the starting point of what the public expect of their governments today. Citizens look to governments to deliver, but also to listen and respect: we want a 'partner' state. Similarly, they want a state that is more active and flexible, but not necessarily larger: we want a 'smart' or 'catalytic' state.

A cross-cutting attribute of such a catalytic state – and of the 'what', 'how' and 'who' above – is that of 'innovability'. In a more uncertain world, we need institutions and government that are more likely to come up with good innovations and scale them. This includes the ability to

flex and explore alternative solutions without catastrophic failure; rapid feedback and learning; and modularity that enables the recombination of skills and assets in new ways. The 'what', 'how' and 'who' need to come together to deliver 'innovability' as a system characteristic.

This paper has tried to step back from the day-to-day operation of government, and the UK Government in particular, to reflect on the 'practical theory' that guides what it does and how it does it. Even if it is not exactly right, it is hopefully a useful exercise for those within government to reflect on, and to get ready for the opportunities and challenges that they will face, and will need to meet.

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