



House of Commons  
Public Administration Select  
Committee

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**Governing the Future**

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**Second Report of Session 2006–07**

*Volume I*

*Report, together with formal minutes*

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## The Public Administration Select Committee

The Public Administration Select Committee is appointed by the House of Commons to examine the reports of the Parliamentary Commissioner for Administration, of the Health Service Commissioners for England, Scotland and Wales and of the Parliamentary Ombudsman for Northern Ireland, which are laid before this House, and matters in connection therewith and to consider matters relating to the quality and standards of administration provided by civil service departments, and other matters relating to the civil service.

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### Publications

The Reports and evidence of the Committee are published by The Stationery Office by Order of the House. All publications of the Committee (including press notices) are on the Internet at <http://www.parliament.uk/pasc>.

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## Summary

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Governing for the future is difficult. Not only are there notorious uncertainties in forecasting, but governments are also hampered by the short-termism of the electoral cycle. However, governing for the future is important. The future will be shaped by the decisions that government makes. Policies agreed now will affect the lives of the next and subsequent generations.

Despite the political and practical difficulties, successive governments have attempted to make sure that they can take a long-term view. There have been some notable successes and the Prime Minister's Strategy Unit and the Foresight Centre are both highly regarded. This Report maps the range of mechanisms which this Government uses to consider long-term issues, and considers the ways in which Parliament and the public are engaged in the process.

Although successive governments have done a great deal to improve strategic capacity, and the present Government has taken this process further, there is still room for improvement. One of the key tensions in long-term policy-making is between the centre, which is able to take a long-term view and challenge departmental thinking, and departments, which have practical experience and in-depth knowledge. We believe that a strong central strategy unit is essential, but suggest that departmental Ministers should be more closely involved in its work. We welcome the Government's attempts to increase strategic capacity within departments, and the corporate capacity of the civil service as a whole. It is clear that this work needs to continue.

We believe that communication is vital when considering the long-term. Openness about the ways in which government is thinking about the future will not always be easy. The nature of long-term thinking means that policy has to take account of real uncertainties. Speculative work may carry political risks. Government should be as open as possible about the way in which it considers long-term issues, to build public understanding of possible future scenarios. Change in policy in the light of changing knowledge and circumstances is a sign of strength not weakness; and a public which recognizes that strategies are made in the light of the best evidence available at the time, with all the uncertainty that this implies, may be better able to understand the need for change.

Openness will also help to counter the short-termism inherent in the political cycle. There was a silent political consensus that the pension system was unsustainable long before any party dared to suggest reform. Discussion about the likely problems of the future will not lead to consensus about the policies needed to respond to those problems (as is evident from the current argument about the future of road pricing), but it will ensure that the political debate has to take a long view. Openness about the Government's assessment of likely future challenges will also enable counter views to be articulated, and ensure that debate is as wide as possible.

As part of this openness, the Government should build on the Finnish example of a government 'Report on the Future' and its own regular 'Strategic Audits'. It should communicate its view of the range of future scenarios and strategic challenges to

Parliament once each electoral cycle. This would provide a basis for political and public debate, and increase scrutiny of the extent to which individual policies are consistent with the Government's wider strategy.

Government should not be the only body framing debate about the future. It is important not to underestimate the amount of forward-thinking work already done within Parliament. This House already has capacity to consider future issues through its select committees, and through the cross-House Parliamentary Office of Science and Technology. However, Members' capacity to engage with outside experts and the wider public could usefully be increased, perhaps by building on the work done by POST to produce something more like the Scottish Parliament's Futures Forum, where debate can be informed by experts, and can involve those outside Parliament itself.

# 1 Introduction

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1. Governing for the future is both important and difficult. Important because it means getting to grips with the long-term issues that will shape the lives of future generations; difficult because it rubs up against the short-termism that is inherent in the politics of the electoral cycle. Its difficulty is compounded when governing for the future involves painful choices in the present. Lord Turner, who chaired the Government's Pensions Commission, told us that until recently, "... not a single politician would say publicly that the state pension age would have to go up, though I have to say, quite a lot of them would say it to me privately".<sup>1</sup>

2. Along with the political difficulties come practical and organisational constraints, even beyond the fact that it is notoriously hard to make accurate predictions about future trends. Government is organised primarily by departmental boundaries, but looking at the long-term inevitably throws up issues which straddle several departments. Consideration of the future must be built into decision-making today, but thinking about the future may mean abandoning assumptions which underlie current policy. Future and strategic thinking are particular disciplines, but they should be intimately connected to the policy-making process. 'Thinking the unthinkable' can come with a price.

3. It is important to remember that, however effectively strategic work is done, it will not present governments with a series of 'right answers'. Long-term thinking can identify future issues such as a projected increase in the numbers of the elderly. However, it remains a matter of political choice whether the response is to encourage people to make their own provision for long-term care or consider it a state responsibility, and so raise taxes or alter spending priorities. As Dr Geoff Mulgan, former director of the Prime Minister's Strategy Unit, explained, the purpose of strategic thinking "...is to make sure elected politicians have a better menu of options. The problem in many of these fields is that they are having to make decisions without a sufficiently grounded strategic option to consider and therefore are more likely to go for short-term fixes or second best...".<sup>2</sup>

4. This report considers 'strategic thinking' in Whitehall, but how far into the future should governments look? The work which is conducted by the Foresight Centre in the Office of Science and Innovation looks up to fifty years ahead and uses different scenarios to identify the challenges and opportunities for policy making from the science and technology of the future. On a less ambitious timescale, 'strategies' relate visions of the future to the priorities, actions and policies required to produce the preferred outcomes. They typically look up to ten years ahead. In the private sector, strategy is defined (by the consultants McKinsey & Company) as 'a coherent and evolving portfolio of initiatives to drive shareholder value and long-term performance'.<sup>3</sup> In the public sector, however, strategy is concerned with long-term public value, a complex and contested concept. Accountability is to Parliament and the public rather than to shareholders.

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1 Q 374

2 Q 20

3 <http://mckinsey.com/client-service/strategy/insight.asp>

5. Both this and previous governments have done much to build capacity to think, plan, and make policy for the future. In the 1970s the Central Policy Review Staff was set up as a strategic think-tank within government. In the 1990s the Foresight Centre was established to conduct futures work in the scientific sector. The present Government has established a Strategy Unit, appointed strategic advisers, and has set up a number of Commissions and Reviews to engage in future-related work. A major and comprehensive strategy review is currently in progress. It is timely to take stock of the way in which government does strategic and future thinking, and to consider the issues raised.

6. During this inquiry we took evidence from a variety of officials and experts. Our initial call for evidence, in the form of an Issues and Questions Paper, is appended to this report. In order to consider the practical aspects of policy making in the long-term, we looked at two subject areas where the need to think about the future seemed particularly pressing: pensions reform and environmental policy. We have also benefited from the Science and Technology Committee's recent inquiry into *Scientific Advice, Risk, and Evidence-Based Policy Making*.<sup>4</sup> We heard evidence from a total of twelve witnesses and received fifteen memoranda. The Committee visited Finland to learn about the work of its Parliament's Committee of the Future, and Edinburgh to look at the work of the Scottish Parliament's Futures Forum. We are grateful to all those who gave evidence to the Committee and those who met with us outside Westminster.

## 2 The machinery of future thinking

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### Background

7. Governments have always been concerned about the future. It is the extent to which this concern has resulted in systematic, open and effective long-term thinking which has changed. In 1959 Harold Macmillan, the then Prime Minister, established a highly secret assessment of performance of the UK's economy and its place in the world. Macmillan describes in his diary the beginning of the review:

All day conference at Chequers on 'Future British Policy'. The idea was to draw up a paper—for the use of the next Government. The first part would try to assess 'The setting'—what is likely to happen in the world during the next 10 years. The second part would deal with 'UK's resources'—the gross national product; the calls for expenditure on Pensions, Education, Defence etc. wh [sic] are more or less inescapable. The third part would be about 'The Objectives'—what Foreign, Commonwealth and Colonial and Economic policies we ought to follow. Today's meeting was to agree the skeleton—the general outline of the work—and to cast the parts. It is hoped to do the job in 2 or 4 months...<sup>5</sup>

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<sup>4</sup> Science and Technology Committee, Seventh Report of Session 2005-06, *Scientific Advice, Risk, and Evidence Based Policy Making*, HC 900.

<sup>5</sup> Macmillan diaries (unpublished), Western Manuscripts Department, Bodleian Library, University of Oxford, entry for 7 June 1959, as quoted in Peter Hennessy, *Having it so good* (London, 2006), p 577.

In 2006 the Prime Minister established a strategic policy review. Unlike Mr Macmillan's review which took place behind closed doors, Mr Blair's review has been openly advertised and background papers have been made publicly available.

8. Sustained future thinking within the context of modern government is not easy. The 1970 *Reorganisation of Central Government* White Paper set out the difficulties created by the expansion of the functions of the state after the Second World War:

It has become clear that the structure of interdepartmental committees... needs to be reinforced by a clear and comprehensive definition of government strategy which can be systematically developed to take account of changing circumstances and can provide a framework within which a Government's policies as a whole may be more effectively formulated. For lack of such a clear definition of strategic purpose and under the pressures of the day to day problems immediately before them, governments are always at some risk of losing sight of the need to consider the totality of their current policies in relation to their longer-term objectives; and they may pay too little attention to the difficult, but critical, task of evaluating as objectively as possible the alternative policy options and priorities open to them.<sup>6</sup>

9. In response, the Heath administration established the Central Policy Review Staff (CPRS) in 1971 to give strategic advice to the Cabinet. The CPRS included both externally appointed staff and civil servants. Its work included strategy reviews, studies on particular topics, assessments of the effectiveness of particular departmental activities in relation to their intended objectives (and the evidence base for those objectives), and the preparation of collective briefs for Cabinet and its committees.<sup>7</sup>

10. The 1970s arrangement was not wholly satisfactory. The economic crisis that began in 1973 and continued for the remainder of the decade meant that the CPRS became enmeshed in short-term crisis management. David Howell, a Conservative minister during the 1970s, explained that by 1979 "[The CPRS] had become a sort of trouble shooting body... any role it was originally supposed to have, as a systematic, regular bringing together of reports of programme analysis throughout Whitehall to present an overall strategic picture to the Prime Minister and the Cabinet had long disappeared".<sup>8</sup> The CPRS was finally disbanded by Mrs Thatcher in 1983.

11. The next major development in future thinking was in 1994 with the Foresight Programme. This followed the 1993 White Paper, *Realising our Potential—A Strategy for Science, Engineering and Technology*.<sup>9</sup> The Foresight Programme began as the co-ordinator for a series of sector-facing panels which brought together experts from industry, government and academia to explore opportunities in different sectors of the economy and issue reports on these areas. Its initial focus was on informing the makers of government

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6 *The Reorganisation of Central Government*, Cm 4506, 1970.

7 Tessa Blackstone and William Plowden, *Inside the Think Tank: Advising the Cabinet 1971-1983* (London, 1988), Appendix 2.

8 Now the Rt Hon Lord Howell of Guilford; Peter Hennessy, *Cabinet* (Oxford, 1986), p 112.

9 *Realising our Potential: A strategy for science, engineering and technology*, Cm 2250, 1993.

science policy, and reaching out to the science community and science users. Since then its function has evolved, as we describe later in this report.<sup>10</sup>

12. Successive governments also have used inquiries, reviews and Royal Commissions to examine issues with a futures focus. For example, the Royal Commission on Environmental Pollution was established as an independent standing body in 1970 to provide advice on environmental issues. Royal Commissions can also be used for individual studies, such as the 1949 Royal Commission on Population. Although there have been some recent Royal Commissions, most notably that on Reform of the House of Lords, which reported in 1999, Royal Commissions have now almost disappeared, a trend which began under previous administrations.

### The Labour Administration: Modernising Government

13. In 1999 the current administration set out its approach to policy making and public services in the *Modernising Government* White Paper and the *Professional Policy Making for the Twenty-first Century* Report.<sup>11</sup> These papers concluded that, although long-term thinking was taking place within government, the difficulties identified by the 1970 White Paper remained. *Professional Policy Making* declared that “Ministers often want to see measures that produce results in the short rather than the medium or long-term because of the pressures of the electoral cycle”<sup>12</sup> and, “although there is a lot of activity across departments looking ahead, it has not, as yet, been joined up effectively nor does it feed systematically into mainstream policy making”.<sup>13</sup>

14. In order to overcome these endemic problems new organisations were established (often within the Cabinet Office and Number 10) and new processes such as the Spending Review were introduced. The Foresight Programme and the use of external Commissions have continued. The main components of future thinking used by the current administration are set out below.

### The Prime Minister’s Strategy Unit

15. The organisations involved with future thinking at the centre of government have evolved over the last decade.<sup>14</sup> The Performance and Innovation Unit (PIU) was established in the second half of 1998 to work primarily on “time limited projects, with teams given the time and space to develop forward looking policies rather than reacting to short-term pressures”.<sup>15</sup> In 2001 a small Prime Minister’s Forward Strategy Unit (PMFSU) was also established to provide “a complementary capacity for doing more private work, generally working bilaterally with departments rather than on cross-cutting issues, and

<sup>10</sup> See paragraph 25 below.

<sup>11</sup> Cabinet Office, *Modernising Government*, Cm 4310, March 1999. Cabinet Office, *Professional Policy Making for the Twenty-first Century*, September 1999.

<sup>12</sup> Cabinet Office, *Professional Policy Making for the Twenty First Century*, para 4.2.

<sup>13</sup> *Ibid.*, para 4.5.

<sup>14</sup> For more details on the evolution of the centre of government since 1997 see House of Commons Library, *The Centre of Government: Number 10, the Cabinet Office and HM Treasury*, Research Paper 05/92, 21 December 2005.

<sup>15</sup> Public Administration Select Committee, *The New Centre*, Thursday 11 July 2002, HC 262-iii of Session 2001-02, Ev 48.

reporting directly to the Prime Minister and Secretaries of States”.<sup>16</sup> In 2002 these two units were merged with parts of the Centre for Management and Policy Studies (CMPS) to create the Prime Minister’s Strategy Unit (PMSU) which remains the main body associated with future thinking at the centre.

16. The PMSU has three main roles:

- to carry out strategy reviews and provide policy advice in accordance with the Prime Minister’s policy priorities;
- to support government departments in developing effective strategies and policies - including helping them to build their strategic capability; and,
- to identify and effectively disseminate thinking on emerging issues and challenges for the UK Government e.g. through occasional strategic audits.<sup>17</sup>

Stephen Aldridge, the Director of the PMSU, explained its function as follows:

...there is a certain support that any Prime Minister of the day may need, in terms of analytical rigour. The Strategy Unit is perhaps in a fortunate position that it does not have many day-to-day responsibilities and therefore can step back a bit from the events of the day, the immediate crises, and offer a more considered view to the Prime Minister and Number 10 than would otherwise be possible.<sup>18</sup>

17. The decision to establish the PMSU was influenced by the work of the CPRS in the 1970s.<sup>19</sup> Like the CPRS, the PMSU was designed to be close enough to the issues, politics and personalities in government to understand the contexts and challenges, but distant enough from everyday matters and from those closely associated with existing policy to provide new thinking. It can be seen as a kind of internal consultancy or think-tank. It challenges the assumptions made by departments and employs specialist skills to analyse evidence and trends and think strategically about the direction of policy.

18. The staff of the PMSU includes civil servants and people drawn from the private and voluntary sectors, as well as from the wider public sector. This mix of staff aims to bring together a variety of skills and experience, and a fresh perspective.<sup>20</sup> There are currently around 55 people working in the PMSU (although this has decreased from the 70-90 it once had). It is far larger than the CPRS, which had no more than 20 staff at any one time.<sup>21</sup>

19. The work of the PMSU has been widely praised. Lord Birt explained that it is “recognisably the kind of institution you would find in a major global corporation with a very similar set of skills available, and, indeed, now, I think, a rich national asset”.<sup>22</sup> Jill

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16 Public Administration Select Committee, *The New Centre*, Thursday 11 July 2002, HC 262-iii of Session 2001-02, Ev 50.

17 [www.strategy.gov.uk](http://www.strategy.gov.uk)

18 Q 82

19 Public Administration Select Committee, *The New Centre*, Thursday 11 July 2002, HC 262-iii of Session 2001-02, Ev 48.

20 [www.cabinetoffice.gov.uk/strategy/about/](http://www.cabinetoffice.gov.uk/strategy/about/)

21 Q 74; Cabinet Office, *Prime Minister’s Strategy Unit: Briefing*, May 2005, p 10.

22 Q 244

Rutter, Director of Strategy and Sustainable Development at Defra, gave an example of how the PMSU's work had contributed to decision-making in her department:

It was before my time, but the *Net Benefits* report looking at the future of the fishing industry, where PMSU, working with Defra, spent a year throwing quite a lot of people at quite an intractable problem and came up with interesting and different solutions which Defra on its own would not have generated, was a very useful process.<sup>23</sup>

### **Further sources of strategic advice to the Prime Minister**

20. The Prime Minister has been concerned to set strategic priorities for his Government. After the 2006 General Election he sent letters to his cabinet colleagues explaining the "future challenges" that they faced. He has given a series of lectures over the last year entitled 'Our Nation's Future'. In autumn 2006 he established 'Pathways to the Future', a strategic policy review programme. The aim of the review is to "assess the long-term strategic priorities of the UK alongside the Government's existing policy framework".<sup>24</sup> The project involves Policy Review Working Groups, chaired by the Prime Minister and attended by members of the Cabinet, that will examine long-term, cross-cutting policy challenges. The PMSU supports these groups and has published a background paper for each strand of the Review.<sup>25</sup>

21. The Prime Minister has also appointed individuals at the centre of government to give him strategic advice. For example, Lord Birt, previously Director General of the BBC, acted for a period as his unpaid strategic adviser. He produced reports for the Prime Minister on issues as diverse as transport and drugs, and had regular contact with the Prime Minister.<sup>26</sup> Lord Birt was assisted in his work by senior civil servants, including those within the PMSU. Until recently the Prime Minister was also advised by Matthew Taylor as Director of Strategy in Number 10.

22. Effective futures work has to be intimately connected to government strategy and policy. As Lord Birt told us, "policy is a subset of strategy".<sup>27</sup> They must inform and influence each other. The current Prime Minister's Policy Directorate was created when the Prime Minister's Private Office and the Policy Unit were merged following the 2001 general election. The Number 10 Policy Unit had first been established in 1974 when it was run by Bernard (now Lord) Donoughue. The Policy Unit was maintained throughout the 1980s and 1990s when its heads included Ferdinand Mount and Sarah (now Baroness) Hogg. The new Policy Directorate is headed by David Bennett, a special adviser, and consists of "nine or ten" members of staff.<sup>28</sup>

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23 Q 427

24 [www.pm.gov.uk](http://www.pm.gov.uk)

25 The topics of these papers are: Environment and Energy; Public Services; Security, Crime and Justice; and The Role of the State. They were all published on 16 January 2007.

26 Q 318 and Q 245

27 Q 234

28 Q 93

## Reviews and commissions

23. Long-term thinking and strategic work is not always best conducted by government insiders. Dr William Plowden, a former member of the CPRS, explained that:

...*thinking* should be done at several points on the line that links rules at one end and dreamers at the other. Well-resourced and responsible think-tanks can play a major part. Insiders, although under pressure not to be too radical themselves, can commission or at least report the thoughts of independent outsiders, who can be much bolder. *Planning*, which involves decisions about the use of resources, has to be done by insiders, taking account of political realities.<sup>29</sup>

24. Governments can engage with outsiders by establishing reviews or commissions at arms length to ‘think the unthinkable’. As Lord Turner explained, “an external commission can be a mechanism for addressing issues which are either very politically difficult to deal with within the to and fro of antagonistic political debate”.<sup>30</sup> As we describe in Chapter 5, this Government has used a wide range of types of independent review and commission. As we have noted, it is no longer usual to establish Royal Commissions to do such work. Dr Geoff Mulgan, former director of the PMSU and now Director of the Young Foundation, explained that:

The idea that simply putting a bunch of the great and the good together around a table will get you to the right and legitimate answer no longer works today for quite a few reasons. One is that it is not clear whether they would use the right methods for analysing a problem. Second, it is not clear that the public will see their views as legitimate just because they are great and good and that is why we need much more expansive and inclusive processes than in the classic royal commission.<sup>31</sup>

## Foresight and Horizon Scanning

25. The Foresight Centre, led by the Government’s Chief Scientific Adviser and located in the DTI, “brings together key people, knowledge and ideas to look beyond normal planning horizons to identify potential opportunities from new science and technologies and actions to help realise those opportunities”.<sup>32</sup> After a review in 2000 the Foresight Programme moved away from a system of standing panels to a structure of rolling programmes of specific, tightly focussed, projects. Although heavily science-based, the Programme considers science in the widest sense and includes social scientists amongst its pool of experts.

26. The Foresight Programme itself contains a number of elements:

Let us assume you are standing on the bridge of a ship. You scan the horizon (**Horizon Scanning**) and see an iceberg and your supply ship. You work out the likely speeds and direction of the iceberg and supply ship (**trend analysis**) and put

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29 Ev 91

30 Q 360

31 Q 66

32 [www.foresight.gov.uk](http://www.foresight.gov.uk)

the information into the ship's computer (**modelling**) and then plot a course (**roadmapping**) so that you meet with the supply ship and not the iceberg. While you are doing this you dream of eating some nice chocolate that you hope is on the supply ship (**visioning**).

You realise that the speeds and directions of the iceberg and the supply ship might change, so you work out the range of options to make sure you have the greatest chance of meeting the supply ship (**scenarios**). Even with all of this planning, you know there is a chance of the unexpected and hitting the iceberg so you get the crew to do an evacuation drill (**gaming**). While they are doing it, you work back from the most likely future position of the supply ship to work out the steps you need to get there (**backcasting**).<sup>33</sup>

27. There is also a centre of excellence in Horizon Scanning based alongside Foresight in the Office of Science and Innovation which identifies potential threats and opportunities involving science and technology which could affect Government policy. A recent report by the Science and Technology Committee commended the work of the Chief Scientific Adviser and Office of Science and Innovation in “strengthening horizon scanning in relation to science and technology across Government”.<sup>34</sup> Those we met in Scandinavia told us that the Foresight Centre was considered a world leader in futures work.

### ***From future thinking to policy development: targets and departmental strategies***

28. Along with this long-term work, the Government produces shorter-term strategies and targets. These are intended to move policy towards preferred and prioritised outcomes. In 1998 the Government introduced a system of targets in the form of Public Service Agreements (PSAs) as an integral part of the Government's spending plans. In July 2005 the Government announced that it would conduct a second ‘Comprehensive Spending Review’ to “identify what further investments and reforms are needed to equip the UK for the global challenges of the decade ahead”.<sup>35</sup>

29. The Government has also tried to increase the strategic capacity of individual departments so that current decision-making takes account of longer-term issues. In 2004 each major Whitehall department produced a five-year strategic plan that set out the department's vision, its priorities and how these would be reached. Strategic capabilities are being assessed by the Departmental Capability Reviews, while the National School of Government provides training on strategic thinking.

## **Conclusion**

**30. Governments have to find ways to overcome the political and practical difficulties associated with thinking about the future. Successive administrations have increased**

33 Office of Science and Innovation, *Strategic Futures Planning: Suggestions for success: A toolkit*, [www.foresight.gov.uk](http://www.foresight.gov.uk).

34 Science and Technology Committee, Seventh Report of Session 2005-06, *Scientific Advice, Risk and Evidence Based Policy Making*, HC 900-I, para 106.

35 [www.hm-treasury.gov.uk/spending\\_review](http://www.hm-treasury.gov.uk/spending_review)

the capacity of government to undertake strategic thinking, which is now carried out more systematically than ever before. In particular, we commend the work of the Foresight Programme which is recognised as a world leader in its field.

## 3 Strategy and futures work at the centre

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### The need for a strategic body at the centre

31. There is undoubtedly a need for some form of strategic capability at the centre of government. Those at the centre can look across government, free from the constraints and influence of departmental agendas, but with access to the knowledge within departments. As William Plowden told us:

...there are two reasons why line departments should not be allowed to monopolise long-term thinking and planning. First, even in the short-term, and certainly in the longer-term, decisions about sectoral policies are almost bound to raise “whole of government” issues, of concern to other ministries. (This is also so in cases where it is not obvious who should take the lead, e.g. global warming.)

Secondly, in thinking about the future the executive agencies responsible for policy in any specific sector will inevitably be influenced by the current assumptions and priorities implicit in existing policies; it is hard for them to accept that their assumptions and priorities may be mistaken and that long-term strategy may need to take a completely different direction.<sup>36</sup>

We consider here the key functions of any central unit concerned with strategy and future thinking.

### Concentrating on the future

32. Strategic thinking and policy making are closely linked: policies move strategies from visions into actions. However, future thinking and strategic analysis require the ability to challenge existing policies, to look outside short-term time scales, and build up portfolios of policies as a result. This cannot be done if the central unit tasked with looking at the long-term is constantly diverted into short-term crisis management or pressing policy concerns. The CPRS arguably failed to keep hold of its long-term agenda, leading its historians and former members Tessa Blackstone and William Plowden to write that, “If our view is accepted that the ‘strategy’ function is important and should be performed, a future reconstructed CPRS ought to ensure that this function is formally written into its job specification”.<sup>37</sup>

33. The Prime Minister’s Strategy Unit has published some valuable work on the future, looking at trends, key indicators and international comparisons. It has conducted two ‘Strategic Audits’ (in 2003 and 2005) that aimed “to provide a balanced and objective

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36 Ev 89

37 Tessa Blackstone and William Plowden, *Inside the Think Tank: Advising the Cabinet 1971-1983* (London, 1988), p 215.

assessment to help establish a factual context for policy-making and wider discussion”.<sup>38</sup> In November 2006 it also published a paper, *Strategic Priorities for the UK*, which assisted the Cabinet in its discussion of the Prime Minister’s Policy Review. Other future and strategy work includes a report on the UK’s digital strategy, and another on progress in education over the last ten years and the future challenges faced. A full list of PMSU publications is appended to this report.

34. However, the Strategy Unit has also become involved in policy work. The first of its three functions includes a commitment to “provide policy advice in accordance with the Prime Minister’s policy priorities” (see paragraph 16 above).<sup>39</sup> Policy and strategy are closely related and it is inevitable that there will be some cross-over between tasks. PMSU publications such as the *Strengthening Powers to Tackle Anti-social Behaviour* consultation paper and the *Social Exclusion Action Plan* reflect this.<sup>40</sup>

35. Government needs detailed policy advice. Policy should be set within the context of long-term strategy. Unlike the CPRS, the PMSU has not been diverted into short-term crisis management or provision of advice on a daily basis. When asked about the difference between the work of the PMSU and the Policy Directorate in Number 10, Stephen Aldridge told us that the Policy Directorate “deal with the more day-to-day advice, but, of course, there has been a meshing of our work programme with their concerns and priorities”.<sup>41</sup> Nonetheless, the PMSU is the only body at the centre of government with the remit of future thinking. This should be its primary task.

**36. It is inevitable that the PMSU will become involved in some policy issues as there is a close relationship between strategy, policy and delivery. But it is crucial that the PMSU is not diverted to current policy making and crisis management at the expense of its key strategic role. Strategy is its distinctive contribution to government.**

### Joined-up thinking and cross-government approaches

37. Any policy decision can have long-term implications, many of which will inevitably fall outside the immediate policy area or department. Building a new runway may alleviate an immediate air transport issue, but it will have long-term impacts on the environment, tourism and business. The ageing population has consequences not only for pensions policy, but for health-care provision. It is vital that thinking about the future and long-term policy is not constrained by departmental boundaries.

38. Cross-government thinking is, however, inherently difficult. Sir Michael Bichard, former permanent secretary at the Department for Education, told us that the problems identified by the 1970 White Paper still existed whilst he worked in Whitehall in the 1990s: “...there is very little joined-up thinking, partly because all the pressures are against it, you build up your empire and you defend your empire and you are regarded as a good

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38 [www.strategy.gov.uk](http://www.strategy.gov.uk)

39 [www.strategy.gov.uk](http://www.strategy.gov.uk)

40 *Strengthening powers to tackle anti-social behaviour—consultation paper*, November 2006; *Social Exclusion Action Plan*, September 2006.

41 Q 95

secretary of state or a good permanent secretary as your empire gets bigger so you try to take over other empires”.<sup>42</sup>

39. The PIU report *Wiring it up* suggested a variety of ways to overcome this traditional difficulty.<sup>43</sup> Approaches used by this Government have included:

- establishing units at the Centre on specific cross-cutting areas such as the Social Exclusion Unit;
- establishing central units that range widely across departmental boundaries, such as the PMSU and the PIU before it;
- establishing units within Departments to concentrate on co-ordination, such as the newly established Office of Climate Change in Defra;
- giving individual ministers responsibility for cross-government issues, such as ‘women and equality’; and,
- including joint targets in the spending review process, for example the Department of Transport’s 2004 Spending Review Target:

To reduce greenhouse gas emissions to 12.5% below 1990 levels in line with our Kyoto commitment and move towards a 20% reduction in carbon dioxide emissions below 1990 levels by 2010, through measures including energy efficiency and renewables. **Joint with the Department for Environment, Food and Rural Affairs and the Department of Trade and Industry.**<sup>44</sup>

40. The PMSU is in a prime position to look at issues across government although, like the FSU before it, some of its work is conducted bilaterally with individual departments. In its recent report on the strategic priorities for the UK, it identified a number of cross-cutting challenges such as the pressure on health and social care that will result from demographic change.<sup>45</sup> The initial meetings of the Working Groups established as part of the Prime Minister’s ‘Pathways to the Future’ review resulted in the commissioning of cross-cutting reports to inform them. The reports will consider questions such as “How can action by the state facilitate culture change; for example tackling dysfunctional (but not illegal) behaviour and low aspirations?”<sup>46</sup>

41. ‘Joined-up’ future thinking could be further improved. One of the requirements of “good strategy” is, as William Plowden told us, that it is “a strategy to which individual policy decisions will be subjected, they will be evaluated in the light of the long-term strategy. Until that strategy is changed, they need to be consistent with it, so it gives a consistent set of guidelines which should influence policy decisions as long as that strategy is in force”.<sup>47</sup> We are not clear whether there is any fully effective process in place to ensure

42 Q 57

43 Cabinet Office, *Wiring it up: Whitehall’s management of cross-cutting policies and services*, January 2000.

44 Department of Transport, *Spending Review 2004, Target 7*.

45 The Cabinet Office, *Strategic Priorities for the UK: The Policy Review*, 23 November 2006.

46 *Ibid.*, p 26.

47 Q 181

such integration between policies and strategies, and across strategies. Jill Rutter explained that, “One of the short-comings of the process around five-year strategies was the lack of integration. ...because it was done department by department, you were either a first wave or a second wave, there were a lot of missed opportunities where you felt those strategies could have linked better”.<sup>48</sup> Strategy work is now conducted at the centre, in department, and by reviews and commissions. There is a danger of incoherence. Care has to be taken that work undertaken for one part of government does not cut across work being done for another. **The PMSU should ensure that individual policy proposals are consistent with the broader direction of government and any strategies already agreed. Opportunities for joint approaches across departments should not be missed.**

### The relationship between the centre and the departments

42. A central strategy unit may need to challenge departmental policy, but it also has to be able to work productively with departments. Its proposals need to take account of the context in which the department operates. If they do not, they will not be able to influence the department’s thinking. Although Jill Rutter said that “it was wrong to characterise it as there being great tension between departmental strategy units and the PMSU”, Lord Birt considered that, just as in private companies there can be tensions between the corporate centre and the operating departments, in government there would inevitably be tension between the centre and departments.<sup>49</sup> Sir Michael Bichard suggested that there was “work to do to achieve greater ownership across government within departments for strategic thinking and a better relationship between the centre and departments”.<sup>50</sup>

43. The Foresight Programme provides an example of how a central unit might handle any tensions of this kind. Each Foresight project has a departmental minister at the head of its stakeholder board. For example, the Public Health Minister at the Department of Health is the sponsor minister for the ‘Tackling Obesities: Future Choices’ project. The Minister does not direct the project, but is informed of its progress and takes some ownership of its results. The PIU’s projects also had a sponsor minister, “to act as a sounding board and give political steers”.<sup>51</sup>

44. One of the major differences between the CPRS and the PMSU is that the former worked for the Cabinet as a body, and the latter is nominally the ‘Prime Minister’s’. Jill Rutter explained that “...obviously the PMSU is directed by the Prime Minister, so their work programme is governed very much from the centre of Number 10”.<sup>52</sup> William Plowden expressed a concern that:

As long as you have got a prime ministerial and cabinet system, I do think it is essential to try, and it is very difficult indeed to do it in practice, to get the Cabinet to work as a collective body which is informed by the strategic thinking of a Strategy Unit. There should be not just a Prime Minister’s Strategy Unit, as there was a Prime

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48 Q 444

49 Q 247; Q 427.

50 Q 6 [Bichard]

51 Public Administration Select Committee, *The New Centre*, Thursday 11 July 2002, HC 262-iii, 2001-02, Ev 48.

52 Q 431

Minister's Unit in Bernard Donoughue's day, you want a Prime Minister's Unit and a Unit which works for the Cabinet, that is to say, in public, it needs to be within government.<sup>53</sup>

45. The Prime Minister should have a source of strategic advice within government. The difficulty is that having two strategic units at the centre could lead to duplication and incoherence. The better solution would be to widen the 'ownership' of the PMSU's work. This would help ensure its work reflected not only the priorities of the Prime Minister, but of the whole of government. The Prime Minister should be able to call on the Strategy Unit for such advice as he feels necessary. However, there would be benefit in making sure major studies were owned collectively. If, like Foresight projects, a minister supported each of the PMSU's major projects, then departments would have more commitment to any recommendations produced. As Sir David King, Chief Scientific Adviser to the Prime Minister, told us in relation to the Foresight Programme:

The stakeholder board provides purchase into Government so this does not just float into space, but the government minister who takes on the responsibility to chair it, and sometimes the minister's success, is then responsible to carry it through...<sup>54</sup>

**46. Departmental ministers should be involved in the work of the PMSU, as they are in the work of the Foresight Programme. This would increase the relevance and effectiveness of such strategic work, and ensure that departments engage with its results.**

## 4 Future thinking in the departments

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### Skills for government

47. Effective long-term thinking requires more than the right machinery in place at the centre. It also needs departments which are able to think strategically. Those who work in government must have the ability to see their work as part of a wider project, and think of the challenges, risks and consequences of the work they do. As the Prime Minister said in a 2004 speech to the civil service:

Strategic policy making is a professional discipline in itself involving serious analysis of the current state of affairs, scanning future trends and seeking out developments elsewhere to generate options; and then thinking through rigorously the steps it would take to get from here to there.<sup>55</sup>

48. Sir Michael Bichard told us, "Strategic thinking demands high levels of creativity and the ethos and structure of the civil service has not traditionally enhanced creativity".<sup>56</sup> Audrey MacDougall of Edinburgh University explained that "in the past, civil servants were more highly valued for their ability to advise Ministers rather than their ability to

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53 Q 174 [Plowden]

54 Q 457

55 Speech by the Prime Minister, 24 November 2004.

56 Ev 88

adopt a strategic approach”.<sup>57</sup> We are conducting a separate inquiry into civil service skills. The Science and Technology Committee has recently considered the role of the advisory system within government and the various roles of the Heads of Profession and a detailed description of their roles can be found in its report.<sup>58</sup> Accordingly, we limit our comments here to some general observations.

49. It is notable that many of those who conduct strategic thinking within government are not career civil servants. Both the PMSU and departmental strategy units include high proportions of those recruited directly from the private, voluntary or wider public sectors.<sup>59</sup> The Directors of the PMSU have not always been career civil servants (although the current Director is) and other strategic advisers have been appointed from business: for example, Lord Turner, Chairman of the Pensions Commission, was previously Director General of the CBI, and Sandy Leitch, who led the Independent Review of Skills, is Chairman of the National Employment Panel and was previously a chief executive of Zurich Financial Services.

**50. One way of ensuring that the civil service has the right skills for strategic thinking is to recruit from a wide range of backgrounds. Outsiders may also provide a useful challenge to existing views. However, the civil service must itself develop and encourage a culture in which it is normal to think strategically. The new National School for Government runs a number of courses on strategic thinking. This is also now a core skill for those aspiring to the senior civil service. We welcome these developments.**

## Departmental strategy units

51. Departmental strategy units have enhanced departments’ ability to take a long view. Jill Rutter explained that the Defra Strategy Unit aimed “not to get engaged in the day-to-day business of policy management, but to challenge people, particularly around prioritisation but also around the degree of ambition”.<sup>60</sup> However, William Solesbury and Annette Boaz, who have researched strategic thinking in government, told us that “there is no commonality to [departmental strategy units’] size, structure, or role within departments”.<sup>61</sup>

52. Furthermore, just as there is a tension between the centre and departments in the placing of the strategic function, there is also a tension within departments. Should the strategic resource be placed at the corporate centre, or should it be embedded within the policy units? Audrey MacDougall believed the former model was right: “The strategic function within a department must lie at the centre, must be closely linked with resource management and must not be divorced from key policy advisers”.<sup>62</sup> The role of departmental strategy units is developing, just as the role of the Strategy Unit has done.

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57 Ev 107

58 Science and Technology Committee, Seventh Report of Session 2005-06, *Scientific Advice, Risk, and Evidence Based Policy Making*, HC 900.

59 Cabinet Office, *Snapshot survey of strategy teams in departments*, February 2004.

60 Q 426

61 Ev 117

62 Ev 106

Accenture explained that: “Those departments that have been operating these strategy units for some time have moved from conducting a ‘think tank’ type operation to becoming more corporately embedded in the fabric of departments. The additional expectation for departments to have someone at Board level with responsibility for strategy has also helped”.<sup>63</sup>

### The PMSU’s and Foresight’s role in capacity building

53. The PMSU and Foresight Centre are both involved in increasing strategic capability across Whitehall. The PMSU works on joint projects with departments. It operates a system of secondments in and out of the Unit to departments to spread knowledge and best practice. It also runs a regular seminar programme, co-ordinates a Strategy Forum, and has developed a Strategy Survival Guide. Similarly, Foresight has produced a Strategic Futures “Suggestions for Success” toolkit for those in government departments concerned with scientific horizon scanning and futures work. As departments have become better placed to conduct strategy work themselves, Stephen Aldridge explained that “...inevitably our role has changed. ...increasingly we will be doing our work jointly with relevant departments, sometimes with their own strategy units”.<sup>64</sup>

54. The new system of Departmental Capability Reviews (DCRs) assesses government departments on three key functions including their ‘strategic capability’. Under ‘strategy’ the Reviews have looked at how well the department focused on outcomes; whether choices were based on evidence; and whether there was a common purpose within the organisation. In comparison with the findings on the other two key functions of ‘leadership’ and ‘delivery’, strategy came out as the highest performing area. Even so, two departments had ‘urgent development areas’ identified in this category. Two had areas identified as ‘strong’, with the DCA commended for its “powerful, engaging and ambitious” departmental strategy with a “clear focus on delivering better public services”.<sup>65</sup> Overall, the findings showed that departments were either well placed or in need of further development to overcome the problems of thinking strategically.

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63 Ev 117

64 Q 82

65 Cabinet Office, *Capability Review of the Department for Constitutional Affairs*, July 2006, p 19.

The results of the Departmental Capability Reviews, published at February 2006, as they relate to strategic capability:<sup>66</sup>

	Strategy		
	Focus on outcomes	Base choices on evidence	Build common purpose
<b>DWP</b>	Development area	Strong	Well placed
<b>Home Office</b>	Development area	Development area	Development area
<b>DCA</b>	Strong	Well placed	Well placed
<b>DCLG</b>	Well placed	Urgent development area	Development area
<b>DTI</b>	Urgent development area	Well placed	Well placed
<b>DfES</b>	Development area	Well placed	Well placed
<b>Cabinet Office</b>	Well placed	Development area	Development area

55. We welcome the introduction of the Capability Reviews and are pleased that they include consideration of strategy. Once all the Reviews are completed, the Government should use their findings to conduct an assessment of the state of strategic thinking across Whitehall. The PMSU and the National School for Government should then work together to ensure that suitable training and resources are available.

### Corporate capability

56. Traditionally, government departments have tended to defend their own turf and budget lines. They have not been good at dealing with the common challenges faced across government. Sir Michael Bichard told us that:

There is not a strong tradition of corporate thinking or action in Government... at the level of officials the Permanent Secretaries have not often acted corporately either to identify strategic priorities, plan for them or deliver policies to address them. In this sense the group contrasts sharply with an effective local authority corporate management board—although the particular constitutional position of the Secretary of State does make corporate management in Government more difficult.<sup>67</sup>

57. Sir Gus O'Donnell, Cabinet Secretary and Head of the Home Civil Service, last year announced a new group of Permanent Secretary heads of department which will meet 3-4 times a year, provisionally called the Permanent Secretaries Management Group. Writing to our chairman, Sir Gus explained that “the group will consider a range of issues such a senior leadership, HR issues, the long-term strategic issues facing us, risk and reputation”.<sup>68</sup>

<sup>66</sup> Details of the assessment categories and the key questions that test current strategic capability are reproduced at Appendix 1.

<sup>67</sup> Q 408

<sup>68</sup> Letter from Sir Gus O'Donnell to Tony Wright MP, 15 December 2005.

**We welcome the changes introduced by the Cabinet Secretary to encourage a more corporate approach to address the challenges that government faces. We will review his initiative as part of our regular scrutiny of the Cabinet Office.**

### Linking strategy to delivery

58. It is critical that those involved in strategy have an understanding of the way in which the services which government provides are delivered. The process of thinking about the future, and using that work to develop strategies and policies, is not linear but cyclical; experience of delivery must inform future thinking and strategy making. As Ed Straw, of PricewaterhouseCoopers, has written (in a private capacity):

In the 1970s large corporations went through a phase in which the responsibility for strategy fell to large, separate departments. This did not work. Strategies were produced without the detailed knowledge of operations. Operations staff had little or no input, and therefore commitments, to the strategies produced. In their implementation these strategies floundered or were found to be flawed. As a responsibility [sic] strategy returned to, and was reintegrated within, the businesses themselves. The only worthwhile strategy is an implemented strategy.<sup>69</sup>

59. The Professional Skills for Government initiative has introduced the concept of career anchors, where senior civil servants are expected to have experience of more than one job ‘type’ (operations, delivery and policy). This is intended to ensure that those involved in policy making and strategy have experience of delivery. We will be looking at how effective these initiatives are within our ‘Skills for Government’ inquiry.

### Linking future thinking to action

60. Strategies can be connected to actions by setting targets, as Jonathon Porritt, Chairman of the Sustainable Development Commission, explained: “[The Government] can set long-term targets and then seek to build incremental change processes towards the destination that that target gives you”. Since 1997 a Spending Review has taken place every two years, in which the Treasury and individual departments agree defined outcomes and outputs to be achieved within a three year period (some targets have longer deadlines). As PSAs are attached to government funding, and often targets are cascaded down to customer-facing parts of the public sector, the priorities they set are a key strategic tool. But Jonathon Porritt was concerned that the long-term targets for climate change were not working adequately:

“... the requirement that Government should provide a transparent journey towards the destination defined by the target is critical and in a way the Government have done that up to 2010, then they have taken this huge leap through to 2050 which has left this great yawning expanse of something between 2010 and 2050, largely uncharacterised by a sense of where policy is going to take us”.<sup>70</sup>

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69 Ed Straw, *The Dead Generalist* (London, 2004), p 30.

70 Q 409 [Porritt]

Yet it is difficult to get the balance right. It is sensible to define a direction of travel and to put targets in place for the foreseeable future, but policy making should not pretend to a longer-term certainty that it cannot realistically possess.

61. A further issue is how to ensure recommendations made as a result of future thinking lead to actions. Sir David King explained to us how the Foresight Programme aimed to do this:

... In all projects, relevant departments work with the Foresight team to produce an action plan, setting out what they intend to do as a result of the project. For example, at the launch of the most recent project, Detection and Identification of Infectious Diseases, seven departments—Defra, DH, Home Office, MOD, DfT, DfID and DTI all agreed to consider and review the findings of the project in developing their policy, as well as undertaking more specific actions. The High Level Stakeholder Group for each project is reconvened after about a year to review the actions that have taken place, and a report of this review is prepared and published. A further review is also carried out after three years.<sup>71</sup>

**62. Future-related reports and recommendations which have resonance with the public and Parliament are likely to be followed up. But this should not be a matter of chance. Different monitoring and follow-up processes will be appropriate for different types of project or review. As a minimum, the Government should clearly respond to each review's recommendations. It should also explain how it will monitor the implementation of recommendations it has accepted.**

## 5 Thinking the unthinkable?

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63. The main challenge for governments in thinking about the future, however, is not mechanical or procedural, but political. As Sir Michael Bichard explained, “We live in a democracy and however rational and informed and brilliant your strategic thinking is, at the end of the day generally you have to take the public—one cannot say just the media but the public—with you”.<sup>72</sup> The Prime Minister told the Liaison Committee in November 2005:

Believe it or not, you do not set out as a Prime Minister or a Government to be deeply unpopular, it is just the way of things that that is often where it ends up. I think on some of these issues to do with climate change, for example, and you can see this over the debate that is happening now with nuclear power, there are going to be difficult and controversial decisions that the Government has got to take and in the end it has to do what it believes to be right and in the long-term interest of the country.<sup>73</sup>

64. Leaders, however, can try to use information, consultation and communication to change public opinion and build consensus. The pitfall for governments that fail to take

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71 Ev 99

72 Q 11

73 Oral evidence taken before the Liaison Committee on 22 November 2005, HC (2005-06) 79-i, Q 15.

the public with them was put starkly by William Plowden who told us, “If you take your example, of an energy policy that headed for nuclear power stations in the face of major public resistance, I think it would be catastrophic, they would not have confidence, it would lead to a series of short-term political crises as people lay down in front of the bulldozers...”<sup>74</sup>

65. People alive today have an interest in the world that they will inhabit as they grow older, and in the world that their children and grandchildren will live in. Professor Cope of the Parliamentary Office of Science and Technology (POST) has explained how a woman born in 1970 could have direct interests lasting until 2129:

Let us take a woman—I will call her Mrs Commission, who was born ... in 1970. Her own life expectancy means that she will live to be 84 years old, so her *own* life gives her an interest in circumstances up to the year 2054. In 1995, however, at age 25, Mrs Commission has had her first child. Assuming, reasonably, that she has an interest in the life circumstances of her child, Mrs Commission’s time frame is extended to the year 2079 (on the assumption that her child has the same life expectancy as herself). Her daughter subsequently has a child—Mrs Commission’s first grand-child—born when Mrs Commission is 50, in 2020. This grand-child’s life expectancy further extends Mrs Commission’s time frame—it now reaches to 2104. Finally, as a hale and hearty 75 year old, in 2045, Mrs Commission is delighted by the birth of her first great-grandchild and she enjoys the last nine years of her life watching this fourth generation member develop. Her great-grand-daughter has given Mrs Commission an interest in circumstances up to the year 2129.<sup>75</sup>

The challenge is to convince a sometimes sceptical or critical electorate that paying a price now may be in their best interests in the long-term.

## Uncertainty and evidence

66. Governments find it far easier to take action if there is a consensus for change. Consensus is more easily reached if reasons for action are based on evidence. As Jonathon Porritt commented, “The science of climate change has now reached the point where the global procrastination of leaders is inexcusable in that respect, morally as well as politically inexcusable—and, if Nick Stern is right, possibly even economically inexcusable”.<sup>76</sup> Similarly, Christine Farnish of the National Association of Pensions Funds, explained that Turner’s Pensions Commission “was the first time that rather unpalatable picture had been painted that took us through to 2030, 2040 and showed us how weak our system would be unless we did some quite difficult things”.<sup>77</sup> **In some circumstances, simply conducting research and setting out the evidence creates a compelling case for policy change.**

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74 Q 204

75 Forecasting and sustainable development; a paper presented by Professor Cope at the Royal Commission on Environmental Pollution’s 25th Anniversary Seminar, held at Church House, Westminster, 1995.

76 Q 410

77 Q 377 [Farnish]

67. However, evidence and its use can be contested, and accurate predictions about the future are difficult to make. Unexpected events (such as 11 September 2001) can create new challenges and change the context in which strategies and policies operate. Projections can go ‘off-beam’ soon after they are made. Professor Cope provided us with the example of the 1949 Royal Commission on Population. This predicted that “Over the next 15 years the number of actual births will almost certainly decline” and that “the total population of Great Britain... will reach a maximum round about 1977 and will thereafter begin a slow decline”.<sup>78</sup>

68. Uncertainty is not, however, an excuse for inaction. Instead, it requires sustained analysis of trends over time. When Derek Wanless reported on health trends over the next twenty years and their consequences for investment, he stated that “Making a long-term projection of this kind is, of course, fraught with uncertainty, but there are good reasons for attempting it”.<sup>79</sup> The report explains his view that:

An exercise such as this Review is most valuable if it is repeated at regular intervals so that changing trends become more clearly apparent earlier. There are several reasons for regular review:

- estimates like this are subject to a large degree of uncertainty and it is important to reassess the results and conclusions on the basis of any fresh information about developments in the main trends and any newly emerging areas:
- new knowledge and research will evolve, enabling better analysis to be conducted; and
- the availability of such a long-term assessment is important to assist planning in those areas where long-term resourcing decisions must be made, for example, in training people, providing technological support and in re-building programmes, as well as in thinking through the funding sustainability implications.<sup>80</sup>

69. We agree with the Science and Technology Committee’s report *Scientific Advice, Risk and Evidence Based Policy Making* that:

There needs to be a stronger culture of policy evolution whereby policies are updated and adapted as new evidence emerges. We recognise the political difficulties involved in achieving a change, but we urge the Government, as well as the opposition parties, to move towards a situation where a decision to revise a policy in the light of new evidence is welcomed rather than being perceived as a policy failure.<sup>81</sup>

**70. Future thinking is an uncertain business. Strategies should be kept under review so that they take account of new information and developments in research. Willingness**

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78 Forecasting and sustainable development: a paper presented at the Royal Commission on Environmental Pollution’s 25th Anniversary Seminar by Prof David Cope.

79 HM Treasury, *Securing Our Future Health: Taking A Long-Term View*, 2002, para 1.6.

80 *Ibid.*, para 7.5

81 Science and Technology Committee, Seventh Report of Session 2005-06, *Scientific Advice, Risk and Evidence Based Policy Making*, HC 900-I, para 111.

**to adjust policy in light of new evidence or changing circumstances should be seen as a sign of strength, not of weakness.**

71. Where there is uncertainty about possible futures, Jonathon Porritt pointed out that governments could:

go in the first instance for a series of what are sometimes described as no-regrets interventions. So almost whatever the case as these social trends, economic trends, environmental trends move through the system, whatever the case, a no-regrets policy approach means that you are not going to end up with egg on your face at whatever point you get to. I feel that the no-regrets approach to this, which is often talked about by politicians but rarely introduced in a way that it might be, as actively as it might be, would be a great aid to governments as they, quite rightly, experience some of the uncertainties associated with what is going to be happening in 2030, 2040, 2050.<sup>82</sup>

There are policy areas where a “no regrets” policy may command consensus. However, there may also be agreement over likely future problems, but no agreement about what the policy response should be.

**72. Evidence that there will be a problem in the future does not, in itself, build consensus around the appropriate solution. It is possible to have agreement that particular scenarios are more or less likely, but also fierce dispute over how governments should respond. The current controversy about the prospect of future road pricing is a clear illustration of this. Nonetheless it is important that there is discussion of the problems likely to arise in the long-term, even if there is no agreement on solutions.**

## Using outsiders

73. Government often uses outsiders to conduct reviews of central government policy or strategy and appears to be doing so with increasing regularity. Reviews which have recently reported include:

- The *Stern Review of the Economics of Climate Change* which concluded that “The scientific evidence is now overwhelming: climate change is a serious global threat, and it demands an urgent global response”.<sup>83</sup> The Report stated that, if no action is taken today, the overall costs and risks of climate change will be equivalent to losing at least 5% of global GDP each year, now and forever, which could rise to 20% of GDP or more. In contrast, it suggests that the costs of action if taken now could be limited to around 1% of global GDP each year.
- The *Eddington Transport Study*, a joint HM Treasury and Department of Transport project, examined the links between transport and the UK’s economic productivity, growth and stability. The Report concluded that “To meet the changing needs of the UK economy, Government should focus policy and

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82 Q 410

83 HM Treasury, *The Stern Review of the Economics of Climate Change*, October 2006, p vi.

sustained investment on improving the performance of existing transport networks, in those places that are important for the UK's economic success".<sup>84</sup>

- The *Leitch Review of Skills*, an external review which considered the skills profile the country should aim to achieve by 2020. It concluded that "The best form of welfare is to ensure that people can adapt to change. Skills were once a key lever for prosperity and fairness. Skills are now increasingly *the* lever. A radical step-change is necessary".<sup>85</sup>
- The *Pensions Commission*, chaired by Lord Turner, established in 2002 to review the UK private pension system and long-term savings. It recommended both an increase in taxes devoted to pensions expenditure and an increase in state pension ages. It also made further recommendations regarding the state pension system.
- The *Barker Review of Land Use Planning* considered how, in the context of globalisation, planning policy and procedures could better deliver economic growth and prosperity alongside other sustainable development goals. The Review was commissioned jointly by the Treasury and the Department for Communities and Local Government.
- The *Wanless Review of Health Trends* was "the first ever evidence-based assessment of the long-term resource requirements for the NHS". It concludes "that in order to meet people's expectations and to deliver the highest quality over the next 20 years, the UK will need to devote more resources to health care and that this must be matched by reform to ensure that these resources are used effectively".<sup>86</sup>

74. There are several reasons for using such commissions and reviews. Firstly, as Geoff Mulgan told us, "it is quite hard for a political party to toy with more difficult and dangerous issues and in some respects the virtue of arms-length task forces like Adair Turner's is that they can be criticised by ministers".<sup>87</sup> The Pensions Commission was not afraid to explain the policy choices in stark terms. The Government was able to distance itself from any potential negative reaction to its findings.

75. Secondly, such commissions can build a consensus. Lord Turner and his colleagues initiated a debate both to inform the public and decision makers. This in turn created a pressure on the government to act. As BBC Political Editor Nick Robinson has explained:

And lo! A consensus is born... I've no doubt that these men have done valuable reports but their real value to government is that—sad to say—voters are more likely to trust the conclusions of Sir Nobby this or that than they are those of the minister, his political adviser and teams of unnamed civil servants.<sup>88</sup>

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84 HM Treasury, *The Eddington Transport Study, The Case for Action: Sir Rod Eddington's advice to Government*, December 2006, p 7.

85 HM Treasury, *Leitch Review of Skills: Prosperity for all in the global economy—world class skills*, December 2006, p 3.

86 [www.hm-treasury.gov.uk/consultations\\_and\\_legislation/wanless/consult\\_wanless\\_final.cfm](http://www.hm-treasury.gov.uk/consultations_and_legislation/wanless/consult_wanless_final.cfm)

87 Q 489

88 Nick Robinson's Newslog, 1 December 2006, [www.bbc.co.uk/blogs/nickrobinson](http://www.bbc.co.uk/blogs/nickrobinson)

A potentially difficult political decision can become a consensus issue.

76. Lastly, commissions can, as Lord Turner told us, “be procedures for creating wider thinking than is possible within the civil service who at the time are almost necessarily serving and supporting the existing ministerial line”.<sup>89</sup> However, they still tend to operate within the boundaries of the current political and economic contexts. Lord Turner explained to us that “...the judgment that the UK is not suddenly going to be a country which spends 9 per cent or 10 per cent of its GDP on a pensions system, whereas Sweden is, is a judgment about political economy context”.<sup>90</sup> Although Commissions can think the unthinkable, often they limit themselves to only thinking about what is possible in current contextual constraints. It is left to those outside government altogether, such as the think-tanks, to really think the unthinkable.

77. Questions are also raised about the extent to which reviews and commissions are really independent from government. Government decides who sits on them, their structure and their remit. They often provide civil servants to support them. As our predecessor committee’s inquiry, *Government by Inquiry*, revealed, who you choose to chair an inquiry can depend on the answer you wish to receive.<sup>91</sup> Although that Report was about inquiries established by Ministers to investigate events that have caused public concern, similar points are often raised in relation to future-facing inquiries. If such inquiries are to perform their role successfully, it is clearly important that there should be no question about their independence and expertise.

78. There can be no ‘one size fits all’ approach to external or arms-length reviews. Some reviews will be wide in focus, others narrow. Sometimes a single person will have the technical expertise and communications skills required to make a case to a potentially hostile media; sometimes a commission is most appropriate.

79. Involving outsiders through appointments on a personal basis does not always represent a ‘contracting out’ of thinking. We were struck during this inquiry by Lord Birt’s description of his appointment as the Prime Minister’s strategy adviser. He told us that:

I think I met him socially somewhere and he said, “When you finish at the BBC you must come and do some work for us”, and I went in to see him at his request and, slightly to my surprise, he asked me to spend the next year of my life looking at the Criminal Justice system.<sup>92</sup>

The ability to think strategically depends, in part, on a willingness to listen to challenges and contrary views. Involving a wide range of people is therefore important. Exploring a wide range of policy options is desirable, and strategic thinking should not be circumscribed by conventional orthodoxies.

80. The government can choose from a range of machinery to conduct any single piece of strategic work. The options include the Foresight Centre, the PMSU, a departmental

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89 Q 360

90 Q 404

91 Public Administration Select Committee, First Report of Session 2004-05, *Government by Inquiry*, HC 51.

92 Q 256

strategy unit, an appointed expert, and an external commission or review. When deciding to conduct long-term thinking, the government should consider the most appropriate way of proceeding. Its choice will depend on a number of factors including how open the process can be and how contentious the issue is.

**81. The findings of an independent review can command more confidence than a government White Paper, but ‘contracting-out’ is not a panacea. Independent experts may get it wrong. Even if they produce well founded technical solutions, they may be unacceptable to the public. There will always be questions about the independence of experts chosen by government. Ultimately, reviews, commissions and advisers inform policy; they should not make it.**

## Communication

82. Policy debates are most effective if they are well informed and reasons for actions are clearly communicated to the public. As the Turner Report explained, “the effectiveness of the UK’s present pension provision, both state and private, is undermined by low levels of understanding and trust. Many people do not understand what the state pension system will deliver: many people do not believe that the present state promise will be maintained and many do not trust the financial services industry to sell good products”. This was put down, in part to, “the failure to explain openly the challenges and implications of changing demography”.<sup>93</sup> Sometimes the first step in gaining consensus on problems is to communicate what will happen if policy is not changed. The Foresight Toolkit recommends that 25 per cent of an initial budget for a foresight programme should be put aside for communicating findings after publication.<sup>94</sup> We are pleased that the current policy review includes a ‘public engagement phase’.<sup>95</sup>

83. Communications exercises must also accompany policy changes that result from forward thinking. Simon McDowall, formerly the Head of Communications at DWP and now at the MoD, told us that the national Pensions Debate which followed the Pensions Commission’s report was:

...a massive communications effort in DWP that lasted over a year for the simple, very obvious reason that people generally do not like thinking about pensions, realise there is an issue but are they going to understand what the trade-offs are and so on? What that involved was not a single story or a single announcement, but we brought ministers and officials around the country, different areas, had open forums and debates, did podcasts...<sup>96</sup>

84. It can be difficult and even politically dangerous to communicate more speculative scenarios to press and the public. A 2001 report prepared by the Henley Centre for the PIU

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93 Pensions Commission, *The second report of the Pensions Commission: A new pensions settlement for the twenty-first century: Executive summary*, November 2005, p 28.

94 Office of Science and Innovation, *Strategic Futures Planning—Suggestions for Success—A Toolkit*, [www.foresight.gov.uk](http://www.foresight.gov.uk)

95 Cabinet Office Press Notice: Citizen Forums will ask tough questions about the role of Citizen and State, 15 January 2007

96 HC 92-i, 2006-07, Q 37 [Mr MacDowall]

explains that: “One hazard for public organisations of actively engaging audiences outside of the organisation is that the media generally is poorly educated as to the way in which scenarios work as a method of thinking about the future...Journalists jump to the conclusion that the scenarios are projections of policy options, instead of ideas or stories to help think about future issues...”<sup>97</sup> Professor Peter Hennessy notes that if Macmillan’s secret *Future Policy Study* had leaked “it would have been quite a scoop. Its degree of candour about the UK’s position in that pre-election period would have made a stark contrast to the government’s smug theme of ‘Peace and Prosperity’...”<sup>98</sup>

85. The CPRS learnt this lesson, as William Plowden explained:

In the 1970s the CPRS adopted Herman Kahn’s slogan, “thinking the unthinkable”. But this is very hard for insiders to do—and survive. In 1982 the conclusions were leaked of a CPRS report suggesting (as a hypothetical way of cutting public spending) scrapping the NHS and replacing it by a private insurance scheme. This idea was so unpalatable to Mrs Thatcher’s government that it launched a major damage-limitation exercise denying that serious thought would ever be given to such a possibility; more seriously, the episode is believed to have confirmed Mrs Thatcher in her determination to abolish the CPRS.

This experience led William Plowden to recommend to us that:

... there is a case for a body at the centre conducting some of its activities without what you might call the threat of publication, because there are some issues on which it would want to touch which involve very sensitive questions, which, if they were discussed in public, in the short-term, would embarrass ministers to such an extent that it would be allowed to discuss these issues in the future.<sup>99</sup>

86. This Committee has recognised and defended the requirement for a private sphere within government where politicians and officials are free to think the unthinkable and to disagree about the best course of action. We fully recognise that it would not be possible routinely to publish all government thinking and policy advice concerned with the future. However, we have also been champions of access to government information and believe that wherever possible the evidential basis for strategic options should be made public.

87. There should be a clear presumption in favour of openness. As the Government Chief Scientific Adviser’s guidelines assert:

It is good practice to publish the underpinning evidence for a new policy decision [...] When publishing the evidence the analysis and judgement that went into it, and any important omissions in the data, should be clearly documented and identified as such.<sup>100</sup>

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97 The Henley Centre, *Best Practice for Strategic Futures Work: A report for the Performance and Innovation Unit*, 2001, p 16.

98 Peter Hennessy, *Having it so good* (London, 2006), p 578.

99 Q 170

100 <http://www.dti.gov.uk/files/file9767.pdf>, para 25

88. We asked Stephen Aldridge why the PMSU had not done any work on the impact of school choice. We were told that such work had been conducted, but it “was not in the public domain”.<sup>101</sup> This was at a time when Parliament was debating school choice, and there was much press and public interest in the matter. Since our evidence session with Stephen Aldridge, the PMSU has published a report *Schools reform: A survey of recent international experience* on their website.<sup>102</sup> We think this is an example of the sort of document which should be made public.

89. There may be a case for keeping some studies confidential within government, especially when they are speculative and deliberately designed to challenge thinking. This should be considered on a case-by-case basis. The PMSU does publish a range of its outputs which include reports, discussion papers and consultation documents. Lord Birt’s reports for the Prime Minister have now been published in part, as a result of Freedom of Information requests, with the policy advice sections withheld from publication. His reports have not caused the political storm that the leak from the CPRS did, and could have been published as a matter of course. It is natural that governments should want to avoid the political and media storm generated by the publication of work on strategy options, but this also diminishes the value of such work in informing public debate and building agreement for action.

90. Although there may be some material too sensitive to publish, as a general rule the process of future thinking does not need to be kept behind closed doors. We have already expressed our disappointment over the Prime Minister’s refusal to allow Lord Birt to give evidence to us while he was working in Number 10. As we explained at the time, we believed that Lord Birt was ideally placed to explain to us how long-term strategic thinking was undertaken at the centre of government.<sup>103</sup> His later evidence to us, once he had left government, confirmed this. There appeared to be nothing in his evidence which could not properly have been said while he was working inside Number 10. Lord Turner told us, “I think if you simply do blue skies studies, however good they are, however fact-based, however analytical, but they are literally just private reports for the Prime Minister, there is a limit to the extent to which you build public consensus”.<sup>104</sup>

**91. This Government, in comparison with past administrations, is relatively open about its strategic thinking. We believe that the Government should publish background evidence and analysis on policy whenever possible. It should also be open about the process of future thinking in government. Not all futures work is intended to build public consensus, but openness about the process may help to establish the value of such work. Long-term thinking involves uncertainties and ‘best case’ judgements. When the Government decides to release speculative work, its purpose and limitations should be clearly indicated.**

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101 Q 155

102 Cabinet Office, *Schools reform: A survey of recent international experience*, June 2006.

103 Public Administration Select Committee, First Special Report of Session 2005-06, *The Attendance of the Prime Minister’s Strategy Adviser before the Public Administration Select Committee*, HC 690.

104 Q 373

## A 'Report on the Future'

92. Parliament also has a part to play in considering long-term issues. Other governments often actively engage their Parliaments and assemblies in future-thinking. In Finland, the Government produces a report on a futures topic once every electoral cycle, which is considered by the Parliament's Committee of the Future. This began as an ad hoc response to economic difficulties during the 1990s, but proved so successful that the Parliament decided that such a report must be produced once every electoral cycle and debated by the Parliament in plenary session. The Government's most recent report for the 2003–2007 electoral period was on the theme *A Good Society for People of All Ages* and looked at demographic trends, population policy and preparation for changes in the age structure.

93. The Welsh Assembly Government published a *Strategic Agenda for Wales* after the 2001 election to “provide fresh direction for all of us who are working together for the benefit of Wales”.<sup>105</sup> This set out the Government's vision for a “sustainable future for Wales where action for social, economic and environmental improvement work together to create positive change”. It also lists the Assembly Government's ‘top ten commitments’ taken from the Labour party's election manifesto, and four key areas of focus. These were: helping more people into jobs; improving health; developing strong and safe communities; and creating better jobs and skills. The *Strategic Agenda* does not contain the evidence base and analysis of the Finnish Government's document, but instead takes a whole-of-government approach to strategic plans.

94. In the UK as a whole, such plans are produced on a department by department basis: departments publish strategic plans and their targets and PSAs are subject to scrutiny by relevant select committees, but no ‘whole of government’ strategy or future priorities document is produced for Parliament and the public to debate and scrutinise. In our view, such a Futures Report would inform Parliament's thinking on key strategic issues. It would involve Parliament and the public in the big challenges government believed the country faced. It should allow governments to explore radical ideas without the political dangers we noted above. Sir David King told us that, not only would such a report be possible, but also, “Such a process could feed into the decision on areas for more detailed consideration, whether by individual departments or Foresight”.<sup>106</sup> It would not need new expertise: it could well be produced by the PMSU and the Foresight Centre. Such a report could be produced in the second year of an administration in order to allow governments time to assess which challenges it considered as most significant.

**95. We recommend that the Government builds on the work carried out by the PMSU and the Foresight Programme and publishes a ‘Report on the Future’ once a Parliament as the basis for parliamentary and public discussion of the key strategic issues facing the country.**

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<sup>105</sup> Welsh Assembly Government, *Wales: A Better Country: The strategic agenda of the Welsh Assembly Government*, September 2003, p 1.

<sup>106</sup> Ev 99

## A Parliamentary response

96. The Finnish Parliamentary Committee of the Future, whose origins we outlined above, became a permanent fixture in the Parliament in 2000 and now conducts its own futures work as well as considering the Government's future reports. The Committee has, for example, been working on the future of Finnish health care, because of changes in demographics and the increasing costs of medical treatments.

97. Although we were very impressed by the work of the Finnish Parliament's Committee, many of our witnesses were sceptical about transferring such a model to the UK with its different political and constitutional context. William Plowden explained that he "...would be slightly suspicious of a body which was there simply to think about futures in general. I would rather have specialist bodies, like the Royal Commission on Environmental Pollution... I would not want to set up a great all-singing and all-dancing futures commission to look across the whole field of public policy, I think that would be going too far".<sup>107</sup> Lord Birt also explained his view that "it should be the job of all committees...".<sup>108</sup> Sir David King, however, was supportive of the idea, telling us that he could "...hardly think of anything new that would be more useful than that".<sup>109</sup>

98. While the UK Parliament does not have a direct equivalent to the Committee of the Future, it does have a system of select committees well able to look at long-term policy. Some of these are departmental committees and so are tasked with looking at departmental strategies and policy. Others, like our own, are cross-cutting and consider policy making in the round.<sup>110</sup> The Environmental Audit Committee has recently reported on climate change and the sustainability of housing policy.<sup>111</sup> The Transport Committee has conducted an inquiry into *Cars of the Future* and the Trade and Industry Committee has reported on *New Nuclear: Examining the issues*.<sup>112</sup> The Liaison Committee takes evidence from the Prime Minister twice a year and the sessions often include discussions on government strategy. Indeed, **the Liaison Committee should take evidence from the Prime Minister on the Government's 'Report on the Future' that we propose.**

## A Parliamentary Forum for the Future?

99. Parliament needs to have a central role in long-term thinking, planning, and policy-making in order to help build consensus around future-related actions. The Israeli Parliament (the Knesset) has created a Commission for Future Generations whose task is to identify whether future generations may suffer disadvantage because of current legislation. The Commission also has the authority to initiate bills that advance the interests of future generations. The Commission is chosen by an ad-hoc Parliamentary

<sup>107</sup> Q 171 [Plowden]

<sup>108</sup> Q 256

<sup>109</sup> Q 497

<sup>110</sup> 'Core tasks' for House of Commons Select Committees were set by a resolution of the House in May 2002 as guidance to individual committees.

<sup>111</sup> Environmental Audit Committee, First Report of Session 2004-05, *Housing: Building a Sustainable Future*, HC 135.

<sup>112</sup> Transport Committee, Seventeenth Report of Session 2003-04, *Cars of the Future*, HC 319; Trade and Industry Committee, Fourth Report of Session 2005-06, *New Nuclear: Examining the issues*, HC 1122.

Committee and is appointed by the Speaker. Although the Israeli Parliamentary context is very different from our own, the idea that Parliament should concern itself with future generations is one which we share.

100. The experience of the Scottish Futures Forum could be used to inform Parliament's thinking on this matter. The Forum was created by the Scottish Parliament to help its Members, along with policy makers, businesses, academics and the wider Scottish community, to look beyond immediate horizons, to some of the challenges and opportunities faced in the future. The Forum exists at arm's length from the Parliament itself. The Presiding Officer of the Scottish Parliament chairs the board, supported by two backbench MSPs, an academic, a senior civil servant, and two others with business and international experience. Looking beyond the four year electoral cycle and away from party politics, the Forum seeks to stimulate public debate in Scotland. The Forum works in three ways—through conducting 'exploratory' work involving desk based research and analysis, a 'futures mode' which draws together the conclusions from the exploratory work and plans for further studies, and a 'partnership event'. This involves running a number of futures events in the Parliament to allow partner organisations to explore their futures work with MSPs. The Forum is currently working on a number of projects on the theme of 'the ageing society'.

101. The creation of a UK Parliament futures forum need not be a radical step. It could build on the excellent work conducted by the Parliamentary Office of Science and Technology (POST) in providing information and a forum for debate in Parliament on scientific issues. POST already produces a series of short notes and longer research papers and organises discussions to stimulate debate on a range of topics. POST is a cross-House organisation, working for both the House of Commons and the House of Lords. It is run by a board consisting of a majority of Parliamentarians, but also including eminent scientists and ex-officio representatives from the House of Commons Library and the Clerks Department of the House of Commons.

102. POST currently divides its work into four areas: Biological Sciences and Health; Physical Sciences, IT and Communications; Environment and Energy; and Science Policy. Although social and economic science is also within its remit there has been relatively little coverage of topics from these perspectives. The Foresight Programme includes social and political scientists amongst its network of contributing academics. POST's board should consider integrating more social and economic science into its analysis and involve the organisation in more long-term futures work.

**103. We support the creation of an equivalent to the Scottish Parliament's Futures Forum, where Parliamentarians can work with external bodies to inform themselves and stimulate debate. The Parliamentary Office of Science and Technology could be strengthened to enhance its work in this area. Together with our earlier recommendation for a regular 'Report on the Future', this would help ensure that Parliament as well as Government was well-equipped to consider long-term strategic issues.**

## Conclusions and recommendations

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1. Governments have to find ways to overcome the political and practical difficulties associated with thinking about the future. Successive administrations have increased the capacity of government to undertake strategic thinking, which is now carried out more systematically than ever before. In particular, we commend the work of the Foresight Programme which is recognised as a world leader in its field. (Paragraph 30)
2. It is inevitable that the PMSU will become involved in some policy issues as there is a close relationship between strategy, policy and delivery. But it is crucial that the PMSU is not diverted to current policy making and crisis management at the expense of its key strategic role. Strategy is its distinctive contribution to government. (Paragraph 36)
3. The PMSU should ensure that individual policy proposals are consistent with the broader direction of government and any strategies already agreed. Opportunities for joint approaches across departments should not be missed. (Paragraph 41)
4. Departmental ministers should be involved in the work of the PMSU, as they are in the work of the Foresight Programme. This would increase the relevance and effectiveness of such strategic work, and ensure that departments engage with its results. (Paragraph 46)
5. One way of ensuring that the civil service has the right skills for strategic thinking is to recruit from a wide range of backgrounds. Outsiders may also provide a useful challenge to existing views. However, the civil service must itself develop and encourage a culture in which it is normal to think strategically. The new National School for Government runs a number of courses on strategic thinking. This is also now a core skill for those aspiring to the senior civil service. We welcome these developments. (Paragraph 50)
6. We welcome the introduction of the Capability Reviews and are pleased that they include consideration of strategy. Once all the Reviews are completed, the Government should use their findings to conduct an assessment of the state of strategic thinking across Whitehall. The PMSU and the National School for Government should then work together to ensure that suitable training and resources are available. (Paragraph 55)
7. We welcome the changes introduced by the Cabinet Secretary to encourage a more corporate approach to address the challenges that government faces. We will review his initiative as part of our regular scrutiny of the Cabinet Office. (Paragraph 57)
8. Future-related reports and recommendations which have resonance with the public and Parliament are likely to be followed up. But this should not be a matter of chance. Different monitoring and follow-up processes will be appropriate for different types of project or review. As a minimum, the Government should clearly respond to each review's recommendations. It should also explain how it will monitor the implementation of recommendations it has accepted. (Paragraph 62)

9. In some circumstances, simply conducting research and setting out the evidence creates a compelling case for policy change. (Paragraph 66)
10. Future thinking is an uncertain business. Strategies should be kept under review so that they take account of new information and developments in research. Willingness to adjust policy in light of new evidence or changing circumstances should be seen as a sign of strength, not of weakness. (Paragraph 70)
11. Evidence that there will be a problem in the future does not, in itself, build consensus around the appropriate solution. It is possible to have agreement that particular scenarios are more or less likely, but also fierce dispute over how governments should respond. The current controversy about the prospect of future road pricing is a clear illustration of this. Nonetheless it is important that there is discussion of the problems likely to arise in the long-term, even if there is no agreement on solutions. (Paragraph 72)
12. The findings of an independent review can command more confidence than a government White Paper, but ‘contracting-out’ is not a panacea. Independent experts may get it wrong. Even if they produce well founded technical solutions, they may be unacceptable to the public. There will always be questions about the independence of experts chosen by government. Ultimately, reviews, commissions and advisers inform policy; they should not make it. (Paragraph 81)
13. This Government, in comparison with past administrations, is relatively open about its strategic thinking. We believe that the Government should publish background evidence and analysis on policy whenever possible. It should also be open about the process of future thinking in government. Not all futures work is intended to build public consensus, but openness about the process may help to establish the value of such work. Long-term thinking involves uncertainties and ‘best case’ judgements. When the Government decides to release speculative work, its purpose and limitations should be clearly indicated. (Paragraph 91)
14. We recommend that the Government builds on the work carried out by the PMSU and the Foresight Programme and publishes a ‘Report on the Future’ once a Parliament as the basis for parliamentary and public discussion of the key strategic issues facing the country. (Paragraph 95)
15. The Liaison Committee should take evidence from the Prime Minister on the Government’s ‘Report on the Future’ that we propose. (Paragraph 98)
16. We support the creation of an equivalent to the Scottish Parliament’s Futures Forum, where Parliamentarians can work with external bodies to inform themselves and stimulate debate. The Parliamentary Office of Science and Technology could be strengthened to enhance its work in this area. Together with our earlier recommendation for a regular ‘Report on the Future’, this would help ensure that Parliament as well as Government was well-equipped to consider long-term strategic issues. (Paragraph 103)

# Appendix 1: Departmental Capability Reviews: further information

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## *Assessment categories*

**Strong** Good capability for future delivery in place in line with the capability model. Clear focus on the action and improvement required to deliver transformation over the medium term.

**Well placed** Well placed to address any gaps in capability for future delivery through practical actions that are planned or already underway. Is making improvements in capability and to improve further in the medium term.

**Development area** The department should be capable of addressing some significant weaknesses in capability for future delivery by taking remedial action. More action is required to close the gaps and deliver improvement over the medium term.

**Urgent development area** Significant weaknesses in capability for future delivery that require urgent action. Not well placed to address weaknesses and needs significant additional action and support to secure effective delivery. Not well placed to deliver improvement over the medium term.

**Serious concern** Serious concerns about current capability. Intervention is required to address current weaknesses and secure improvement in the medium term. [N.B. Only used infrequently, for the most serious gaps]

## *Strategy: The key questions that test current capability*

### **S1 Focus on outcomes**

- Do you have one overarching set of clear and challenging outcomes, aims and objectives which will improve the overall quality of life for customers and benefit the nation?
- How do you work with ministers to develop strategy?
- How do you negotiate trade-offs between 'priority' policies?
- How do you work with other departments and partners external to government when developing strategy?

### **S2 Base choices on evidence**

- How do you understand what your customers and stakeholders want?
- How do you identify future trends and plan for them? How well do you identify and manage the associated risks?

- How do you innovate by developing creative solutions to challenging problems? How do you ensure appropriate ambition?
- How do you choose between the range of options available?
- Once a strategic challenge has been identified, what processes do you have to follow to address it, and who is involved?
- How do you ensure that your decisions are informed by sound evidence and analysis?
- How do you design systems which deliver your strategic objectives? How do you consider whole systems and understand the cost base?

### **S3 Build common purpose**

- How do you align and enthuse the different players in the delivery chain to deliver?
- How do you remove obstacles to effective joint working? How do you share learning in order to ensure the strategy is delivered?

## Appendix 2: Prime Minister's Strategy Unit publications

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The Prime Minister's Strategy Unit website states that: "The Strategy Unit publishes a range of documents, including reports, discussion papers, analytical papers and consultation documents. The Unit's outputs also contribute to published reports and papers of other government departments". Their list of publications is reproduced here:

- Four papers published as background to the individual strands of the Policy Review on 16th January 2007:
  - *Environment and Energy*
  - *Public Services*
  - *Security, Crime and Justice*
  - *The Role of the State*
- A report on schools: progress in the last ten years and challenges ahead - background paper which fed into the Prime Minister's speech on personalised learning, November 2000.
- Strategic Priorities for the UK: The Policy Review - background paper for Cabinet discussion on the policy review announced in October 2006.
- Strengthening powers to tackle anti-social behaviour - consultation paper
- Science and innovation - three background papers prepared in support of a speech on science and technology by the Prime Minister, November 2006

- *Strong and prosperous communities - the local government white paper*, October 2006
- *Social Exclusion Action Plan*, September 2006
- *Recovering child support: routes to responsibility*, July 2006
- *The Energy Challenge—Energy Review Report 2006*, July 2006
- *Schools reform - A Survey of Recent International Experience*, June 2006
- *The UK Government's Approach to Public Service Reform*, June 2006
- *Further Education: Raising Skills, Improving Life Chances*, March 2006
- *Non-hospital social care White Paper: Our health, our care, our say: a new direction for community services*, January 2006
- *Respect Action Plan*, January 2006
- *Education White Paper: Higher Standards, Better Schools for All*, October 2005
- *Fundamental Legal Aid Review*, July 2005
- *Connecting the UK: the Digital Strategy*, March 2005
- *Strategic Audit: Progress and challenges for the UK*, February 2005
- *Investing in Prevention: an international strategy to manage risks of instability and improve crisis response*, February 2005
- *Improving the prospects of people living in areas of multiple deprivation in England*, January 2005
- *Improving the Life Chances of Disabled People*, January 2005
- *London Project Report*, July 2004
- *Improving the Life Chances of Disabled People: Interim Analytical Report*, June 2004
- *Designing a Demonstration Project: An Employment Retention and Advancement Demonstration for Great Britain - second edition*, May 2004
- *Life Chances and Social Mobility: An Overview of the Evidence*, April 2004
- *Net Benefits: A sustainable and profitable future for UK fishing*, March 2004
- *Alcohol Harm Reduction Strategy for England*, March 2004
- *Personal Responsibility and Changing Behaviour: the state of knowledge and its implications for public policy*, February 2004
- *Managing Offenders, Reducing Crime*, January 2004

- *Trying It Out - The Role of 'Pilots' in Policy-Making*, December 2003
- *Strategy Unit Drugs Report - Phase II*, December 2003
- *Strategic Audit: Discussion Document*, November 2003
- *Large Scale Social Experimentation in Britain: What Can and Cannot be Learnt from the Employment Retention and Advancement Demonstration?* November 2003
- *Innovation in the Public Sector*, October 2003
- *Alcohol Misuse: Interim Analytical Report*, September 2003
- *Field Work: Weighing up the Costs and Benefits of GM Crops*, July 2003
- *Strategy Unit Drugs Report - Phase I*, June 2003
- *Designing a Demonstration Project*, May 2003
- *Ethnic Minorities and the Labour Market*, March 2003
- *Life Satisfaction: the state of knowledge and implications for government*, December 2002
- *Assessment of Technological Options to Address Climate Change*, December 2002
- *Game Plan: a strategy for delivering Government's sport and physical activity objectives*, December 2002
- *Electronic Networks: Challenges for the Next Decade*, December 2002
- *Satisfaction With Public Services*, November 2002
- *High Performing Cities - Future Challenges*, November 2002
- *Waste Not, Want Not*, November 2002
- *Risk: Improving government's capability to handle risk and uncertainty*, November 2002
- *In Demand Adult skills in the 21st century - part 2*, November 2002
- *Delivering for Children and Families*, November 2002
- *Private Action, Public Benefit*, November 2002
- *Creating Public Value*, November 2002
- *Geographic Mobility*, June 2002
- *Health Strategy Review*, June 2002

- *Privacy and Data-Sharing: The Way Forward For Public Services*, April 2002
- *Lending Support: Modernising the Government's use of Loans*, March 2002
- *Social Capital*, March 2002
- *The Energy Review*, February 2002
- *Education Strategy Review*, December 2001
- *Workforce Development: In Demand: Adult Skills for the 21st Century*, November 2001
- *Resource Productivity: Making More With Less*, November 2001
- *Renewable Energy in the UK: Building for the Future of the Environment*, November 2001
- *Transport Strategy Review*, November 2001
- *Tackling the Diseases of Poverty*, May 2001
- *Social Mobility*, April 2001
- *Strengthening Leadership in the Public Sector*, March 2001
- *Better Policy Delivery and Design*, March 2001
- *Ethnic Minorities Interim Analysis Paper*, February 2001
- *Migration: An Economic and Social Analysis*, January 2001
- *Rights of Exchange: SHE Trade Objectives On The Global Scale*, September 2000
- *e.gov: Electronic Government Services for the 21st Century*, September 2000
- *Prime Minister's Review of Adoption*, July 2000
- *Counter Revolution: Modernising the Post Office Network*, June 2000
- *Recovering the Proceeds of Crime*, June 2000
- *Winning The Generation Game*, April 2000
- *Reaching Out: The Role of Central Government at Regional & Local Level*, February 2000
- *Adding It Up: Improving Analysis & Modelling in Central Government*, January 2000
- *Wiring It Up*, January 2000
- *Rural Economies*, December 1999

- *e-commerce@its.best.uk*, September 1999
- *Encryption and Law Enforcement*, May 1999

## Appendix 3: Governing the Future: Issues and Questions Paper

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PASC—the Public Administration Select Committee—is inquiring into the place of strategy and planning in government. This inquiry will focus on the role of the Centre in strategic planning, the relationship between the Centre and individual departments in the strategic planning process, and the results of strategic work within government.

### Incentives for action

In order to address future problems, such as global warming and pensions savings, action is often required now. If these actions are likely to be unpopular or involve adverse consequences today in order to secure benefits for the future, what incentives are there for governments to act? Past governments may not be held to account when problems emerge. And the present, by its very nature, always appears more pressing than the future.

1. *What incentives are there for governments to make difficult decisions today in order to avoid problems occurring in the future?*
2. *How can governments balance the need to think strategically and with the need for flexibility in responding to current and arising problems?*

### Strategy and the Centre

It is not always easy to identify things that will pose a problem in the future. Government departments carry out their own strategic work, with internal strategy units working alongside policy teams. However, the Centre plays a key role in co-ordinating strategy across government and provides centres of expertise in strategic planning. The Strategy Unit of the Cabinet Office “*provides the Prime Minister and government departments with the capacity for longer-term thinking, cross-cutting studies and strategic policy work*”. The Strategy Unit was formed in 2002, bringing together the Performance and Innovation Unit (which was established in 1998), the Forward Policy Unit and the Policy Studies Directorate of the Centre for Management and Policy Studies (the National School of Government’s predecessor). The Strategy Unit not only carries out strategic work on issues as diverse as ‘improving the life chances of disabled people’ and looking at ‘the challenges raised by countries at risk from instability’, but also provides best practice guidance to other departments.

Strategic thinking is also part of the economic cycle. Long-term strategic planning results in five year departmental strategic plans. Bi-annual targets are set for the following three years, set as part of the Comprehensive Spending Review process.

Within the scientific field, the Foresight Programme within the Office of Science and Technology, and the Centre of Excellence in Horizon Scanning which is based within it, aims to provide challenging visions of the future to ensure effective strategies now. The

programme was launched in 1994 and “*identifies potential opportunities for the economy or society from new science and technologies, or it considers how future science and technologies could address key future challenges for society*”.

3. *How should governments work to identify issues which are likely to cause problems in the future?*
4. *Is strategic thinking too centralised, or not centralised enough? Should the centre concentrate on providing the training and tools for departments to carry out strategic thinking, or engage in strategic thinking on their behalf?*
5. *Is the departmental structure suitable for strategic policy making?*
6. *Is the relationship between the Strategy Unit and individual departments and policy teams effective?*

### **The Strategists**

Civil servants are engaged in strategic work, both in the centre and in departments. Training provided for civil servants by the National School of Government includes courses on ‘Strategic Thinking’, and tools such as the ‘Strategy Survival Guide’ have been produced by the Strategy Unit.

However, strategy work is often carried out by people brought into the Civil Service for this specific function. Roughly half the Strategy Unit staff are ‘outsiders’, employed on short-term contracts; the other half are career civil servants. Governments outsource some of their future thinking to Commissions and Reviews, such as the Pensions Commission and the Lyons Review. Outsiders are also brought into the centre of government to carry out strategic work which is often shrouded from public view.

Parliament also has a role in the scrutiny of strategic planning. One of the objectives of Select Committees is “*to examine and comment on the policy of the department*”, with the remit to examine both specific policy proposals and to identify and examine emerging policy, or where policy is deficient, and to make proposals. Other Parliaments have committees concerned solely with strategic thinking, such as the Committee of the Future in the Finnish Parliament.

7. *How does one train someone to carry out strategic thinking? Do civil servants get the training they need?*
8. *What are the most appropriate ways of bringing outsiders into the government’s work on forward strategy?*
9. *Is there sufficient scrutiny of government strategy? Should there be more use of peer review and opportunities to challenge the government on its strategic plans?*
10. *Is there a greater role for Parliament in contributing to the strategic planning process?*

## Evaluating Strategy

Evaluation is now accepted as key to good policy. By definition it is more difficult to evaluate strategies, but these could result in bad as well as good effects. Investment is also linked to strategies through the spending cycle; is it possible to tell whether this is money well spent? Or is it the case that by simply having a strategy in place the policy landscape has been changed, therefore making effective evaluation of strategy impossible?

11. *Is there a way of assessing whether strategic policy making has been successful?*
12. *Are there ways to measure the value for money of strategic planning? If so, how does the government fare?*

# Formal Minutes

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**Thursday 22 February 2007**

Members present:

Dr Tony Wright, in the Chair

David Burrowes

Paul Flynn

Kelvin Hopkins

Ian Liddell-Grainger

Julie Morgan

Gordon Prentice

Jenny Willott

Draft Report [*Governing the Future*], proposed by the Chairman, brought up and read.

*Ordered*, That the draft Report be read a second time, paragraph by paragraph.

Paragraphs entitled Summary read and postponed.

Paragraphs 1 to 103 read and agreed to.

Paragraphs entitled Summary read again and agreed to.

*Resolved*, That the Report be the Second Report of the Committee to the House.

*Ordered*, That the Chairman make the Report to the House.

*Ordered*, That embargoed copies of the Report be made available, in accordance with the provisions of Standing Order 134.

Several papers were ordered to be appended to the Report.

*Ordered*, That the Appendices to the Report be reported to the House.

[Adjourned till Thursday 1 March at 9.45 a.m.]

## Witnesses

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### Thursday 8 December 2005

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**Sir Michael Bichard KCB**, Rector, University of the Arts, and **Dr Geoff Mulgan**, Director, Institute for Community Studies Ev 1

### Thursday 26 January 2006

**Mr Stephen Aldridge**, Director of the Strategy Unit, Cabinet Office Ev 20

**Lord Donoughue**, and **Dr William Plowden** Ev 30

### Thursday 20 April 2006

**Lord Birt** Ev 41

### Thursday 22 June 2006

**Lord Turner of Echinshwell** and **Ms Christine Farnish**, Chief Executive, National Association of Pensions Funds Ev 55

### Tuesday 17 October 2006

**Ms Jill Rutter**, Director of Strategy and Sustainable Development, DEFRA, **Sir Jonathon Porritt CBE**, Co-Founder and Programme Director, Forum for the Future, Chairman, the Sustainable Development Commission, and **Professor Susan Owens OBE, AcSS, FRSA**, Royal Commission on Environmental Pollution Ev 67

**Professor Sir David King FRS**, Chief Scientific Adviser to HM Government, Head of the Office of Science and Innovation Ev 77

## List of written evidence

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1 Sir Michael Bichard KCB	Ev 88
2 Dr William Plowden	Ev 89
3 The Royal Commission on Environmental Pollution	Ev 91
4 Sir David King FRS, Chief Scientist, Adviser to HM Government and Head of the Office of Science and Innovation	Ev 93
5 Dr Ruth Levitt and William Solesbury	Ev 99
6 David Yaffey and Mike Zeidler, Association of Sustainability Practitioners	Ev 101
7 Audrey MacDougall, School of Social and Political Studies, University of Edinburgh	Ev 103
8 Annette Boaz, Senior Research Fellow and William Solesbury, Senior Visiting Research Fellow, Centre for Evidence Based Policy and Practice, Kings College, London	Ev 109
9 OFWAT	Ev 114

10	Accenture	Ev 115
11	CABE	Ev 119
12	International Futures Forum	Ev 119
13	Office of Science and Technology, Department of Trade and Industry	Ev 125
14	National School of Government	Ev 127

# Reports from the Public Administration Select Committee since 2005

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The reference number of the Government's response to each Report is printed in brackets after the HC printing number.

## Session 2006-07

First Report	The Work of the Committee in 2005-06	HC 258
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## Session 2005-06

First Report	A Debt of Honour	HC 735
Second Report	Tax Credits: putting things right	HC 577 ( <i>HC 1076</i> )
Third Report	Legislative and Regulatory Reform Bill	HC 1033 ( <i>HC 1205</i> )
Fourth Report	Propriety and Honours: Interim Findings	HC 1119
Fifth Report	Whitehall Confidential? The Publication of Political Memoirs	HC 689
Sixth Report	Ombudsman in Question: the Ombudsman's report on pensions and its constitutional implications	HC 1081
Seventh Report	The Ministerial Code: the case for Independent Investigation	HC 1457
First Special Report	The Attendance of the Prime Minister's Strategy Adviser before the Public Administration Select Committee	HC 690
Second Special Report	Ministerial Accountability and Parliamentary Questions: Government Response to the Committee's Fifth Report (Session 2004-05)	HC 853
Third Special Report	Inquiry into the Scrutiny of Political Honours	HC 1020