

Government and Public Sector Consulting

Commentary on international models of good government

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1 Executive Summary

1.1 Introduction

1.1.1 PricewaterhouseCoopers LLP (PwC) was commissioned by the National Audit Office (NAO) in July 2008 to develop a commentary on international models of good government. The commentary is to support the NAO's submission to the Public Administration Select Committee's enquiry into good government, launched on 19th May 2008.

1.1.2 The commentary focuses on three aspects of government: the definitions, structures and standards of good government (*explored in Chapter 3*), policy making and delivery (*explored in Chapter 4*) and performance monitoring and evaluation (*explored in Chapter 5*). Our analysis also comments that these aspects are interdependent.

1.1.3 Two focus countries, the United States and France, were considered in detail. These countries were selected both because they host different and distinctive political structures and traditions but also because, as economically developed democracies, they share a number of characteristics with the UK.

1.1.4 Views on good government, both within the focus countries and elsewhere, were established through a combination of desk based and in-country research. PwC researchers interviewed experts, in person, at the Kennedy School of Government based at Harvard University in the US and the *Ecole Nationale d'Administration (ENA)* in Paris, France. The Kennedy School of Government is a world renowned institution that brings together academics, politicians and policy makers in order to support the improvement of public policy and management. The *ENA* is also a highly respected academic institution that trains French civil servants and public administrators from around the world.

1.2 Definitions, models and structures of good government

1.2.1 Good government is government that delivers. In the United States, France and the UK, government success is measured by tangible differences on the ground. The pressures of globalisation and increasing consumer choice make delivery harder, and demand that government institutions are efficient, responsive and tailored to individuals. Old top-down and statist bureaucracies that cannot adapt to the citizen voice are not fit for purpose. As a result governments around the world have become more relaxed about the different models, sectors and organisations used to deliver services; what works is what counts.

1.2.2 There is no one-size-fits-all model of good government. Different policy areas in different countries are subject to different implementation models. There are four broad models of good government employed primarily in the economically developed world. Modernised government seeks to reform rather than out-source or privatise old bureaucracies, perhaps using managerialist methods or devolving decision making to a more local level. By contrast partnership government encourages private, third sector and religious organisations to deliver government services alongside or in place of state-run providers. Government by market seeks to use the market to achieve public policy outcomes. For example the European Union carbon trading scheme places an economic price on pollution and therefore encourages environmental conservation. Finally, privatisation is a model used when governments pass all delivery responsibility to the private sector.

1.2.3 We note that, within the relatively new trend of more state services being delivered by non-state organisations, the role of government bureaucracies is still central. In fact in some cases, particularly in times of crisis such as the recent financial turmoil, the public demand that the state play a bigger rather than smaller role.

1.3 Policy making and delivery

1.3.1 A country's institutional make-up and political traditions shape policy making and delivery processes. The checks and balances in the US system and the federalist structure often lead to 'grid-locked' central government. As a result local innovation and policy competition between states is incentivised. Also a comprehensive research base is necessary to achieve consensus amongst constitutionally antagonistic branches of government. As such the US has developed strong analytical capacity both within government, through highly specialist civil servants, and outside of government through swathes of think tanks and academic institutions. Policy research and development outside of government is supported by a strong culture of private philanthropy.

1.3.2 French traditions of social solidarity and state action mean that reform efforts are mostly focused on modernising, rather than privatising, government. Equity concerns often outweigh those of financial efficiency. For example, experts consider the French healthcare system one of the best in the world, but also expensive. Furthermore, policy making is inextricably linked to the legislative processes since France hosts a highly regulated state. A more efficient legislature would lead to more efficient policy making and delivery. Finally, the French experience of controversial reforms being met with high levels of citizen direct action highlights that good government relies on effective public consultation. French academics agreed that the government "gets it right" in France when it responds to the citizen voice.

1.4 Performance monitoring and evaluation

1.4.1 Experts in the United States and France highlighted UK performance monitoring and evaluation systems as examples of best practice. Initiatives such as Public Service Agreements, target setting and three-year budget cycles were seen as effective means of tracking outcomes. Academics also thought that there was an important and relentless focus on policy delivery in the UK, underlined by the creation of the Prime Minister's Delivery Unit.

1.4.2 Reforms of performance monitoring and evaluation in the US and France share some characteristics. Both countries are now placing a greater emphasis on strategic budgeting and performance indicators for government programmes. The United States is promoting transparency and accountability through innovations such as the Office of Management and Budget scorecard for federal departments. The French government introduced the wide-ranging and ongoing Révision Générale des Politiques Publiques (RGPP) (General Review of Public Policies) in 2007 to support efficient budgeting and performance monitoring.

1.5 Lessons learned for the UK

1.5.1 The UK can learn from instances when the US and France get government right. The US system shows the importance of innovation and social entrepreneurship through examples such as the Learn and Earn high schools in North Carolina (see 4.1). US policy makers are also well supported by extensive analytical capability, at a scale unmatched in the UK. In France, the effective delivery of many government services points to a system that has a high degree of public support and a general acceptance of a comparatively high tax burden. This support underlines the importance of public consultation and the fostering of social solidarity. Furthermore, French health care is seen as one of the best systems in the world, partly due to a choice based system that does not sacrifice on equity. The careful balance struck in French healthcare which allows private providers into the market but still maintains universal coverage, might be a useful example as the National Health Service seeks further reform.

1.5.2 Good government is changing. The old ideological battles have been replaced by greater flexibility and a more fleet-footed approach to constructing policy solutions. Decision makers around are prioritising delivery over ownership and structures. As such good government today may lack soaring rhetoric and polarising debate, but it can at least equip policy makers with the tools to bring about meaningful change and persuade many of its citizens along the way.

2 Introduction

2.1.1 The National Audit Office (NAO) commissioned PricewaterhouseCoopers LLP (PwC) in July 2008 to develop a commentary on international models of good government. The purpose of the commentary was to support the NAO's submission to the Public Administration Select Committee's (PASC) enquiry into good government launched on 19th May 2008.¹ Two focus countries, the United States and France, were considered in detail. These countries were chosen because they host considerably different government structures and traditions and as economically developed democracies provide useful comparisons to the United Kingdom.

2.1.2 PwC conducted both in country and desk based research. The commentary draws on interviews with US and French experts and academics from the John F Kennedy School of Government and the Ecole Nationale d'Administration (ENA) respectively. The John F Kennedy School of Government at Harvard University is a world renowned institution that brings together academics, politicians and policy makers in order to support the improvement of public policy and management.² The ENA is also a highly respected institution that trains French civil servants and public administrators from around the world and supports government work with a strong academic base.³

2.1.3 The purpose of the research was to establish:

- What models, definitions and structures of good government are used in the United States and France (as well as drawing from some other models from the rest of the world);
- How different government structures in those countries influence the delivery of good government;
- The strengths and weaknesses of policy making and delivery and performance management and evaluation in the focus countries; and
- Lessons that can be learned about good government for the UK.

2.1.4 This commentary takes the following structure:

- **Chapter 3** discusses the different definitions, characteristics and models of good government. The government structures of the United States and France and the influence of those structures on good government are also considered;
- **Chapter 4** analyses policy making and delivery processes in the United States and France. The strengths and weaknesses of the different approaches used are evaluated and the views of academics are highlighted;
- **Chapter 5** considers performance monitoring and evaluation in the two focus countries, and sets out a range of academics' views on strengths and areas for development; and
- **Chapter 6** highlights overall trends of good government and sets out some examples of lessons learned for the UK.

¹http://www.parliament.uk/parliamentary_committees/public_administration_select_committee/pasc0708goodgovt.cfm

²<http://www.hks.harvard.edu/about>

³<http://www.ena.fr/en/accueil.php>

2.1.5 Since the commentary is aimed to support the NAO submission to the PASC enquiry into good government, this report has mapped the findings against some of the specific PASC enquiry questions. An overview of this mapping is set out in Table A below:

Table A: Overview of the structure of our findings in relation to some of the PASC questions

Chapter/section	Contents	PASC Questions
3	Definitions, models and structures of good government.	<ul style="list-style-type: none"> • What does good government look like, and what are its necessary conditions? • Are relations between the centre of government, individual departments and frontline public sector workers organised so that each part of government can do its work effectively? Is there the right balance of powers, operational responsibilities and accountability structures?
4	Policy making and delivery.	<ul style="list-style-type: none"> • Would changing the way in which policy or legislation is made increase the likelihood of successful policy delivery? How well does knowledge from policy implementation feed into policy or law making?
5	Performance monitoring and evaluation.	<ul style="list-style-type: none"> • How adequate are existing mechanisms for judging government performance, such as departmental capability reviews and public service agreement targets? • When weak performance in government is identified, are the right things being done to correct it? If not, what should be done about poor performance? • Do the right incentives exist for public sector workers to deliver policies effectively? For instance, what could complement (or replace) targets for policy and service delivery?
6	Lessons learned for the UK.	<ul style="list-style-type: none"> • What can we learn about good government from instances where government gets it right?

2.1.6 In addition, Chapters 4 and 5 of this commentary contain four case studies each from the focus countries. These case studies are listed in Table B below:

Table B: Case studies

Chapter/section	Section	Case study
4.1	Policy making and delivery in the United States	<ul style="list-style-type: none"> • Case Study A: Welfare to Work in Wisconsin – Partnership Government • Case Study B: Learn and Earn in North Carolina
4.2	Policy making and delivery in France	<ul style="list-style-type: none"> • Case Study C: Anti-smoking legislation and campaigns – Modernised Government • Case Study D: French Healthcare – Partnership Government
5.1	Performance monitoring and evaluation in the United States	<ul style="list-style-type: none"> • Case Study E: Programme Assessment Rating Tool (PART) • Case Study F: Performance based budgeting in Michigan
5.2	Performance monitoring and evaluation in France	<ul style="list-style-type: none"> • Case Study G: <i>LOLF</i> performance analysis tool • Case Study H: <i>RGPP</i> 'seven questions'

3 Definitions, models and structures of good government

3.1.1 This section considers:

- The context for good government;
- General characteristics of good government; and
- Different models of good government.

3.2 Definitions, models and structures of good government

Context

3.2.1 Good government improves the day-to-day lives of its citizens. Strong institutional architecture, robust regulatory frameworks and coherent bureaucracies are no longer sufficient indicators of good government.⁴ Good government is government that delivers.

3.2.2 There is less interest in the *de jure* criteria of government (e.g. a free media, independent legislature etc.) and more interest in the *de facto* outcomes of government.⁵ Civil servants are questioned on hospital waiting times and school attendance, not department structures or legislative processes. Good government requires both effective policy development and policy implementation.

3.2.3 This commentary adopts the Public Administration Select Committee's definition of good government:

- How effective government is at making and implementing policies, and seeing them delivered successfully; and
- How well departments are able to oversee the continuing operations of government.

3.2.4 Globalisation provides the context for the debate about good government. The free movement of capital and the international marketplace have set new challenges for governments as they try to deliver effective outcomes:

- The growth in consumer choice has led many citizens to expect as much personalisation from the state as from their local supermarkets. But traditional rules based bureaucracies, which assert state monopolies, are not necessarily designed to be flexible and nimble. Furthermore, the increase in size of the private sector, in health and education for example, has led to many citizens opting out of state services all together. This has left governments, particularly centre-left ones, anxious about the willingness of taxpayers to fund public services they don't use;

⁴ Elaine Kamarck in *The End of Government as We Know It: Making Public Policy Work* (London, 2007) describes the post-bureaucratic age in government of the 20th and early 21st century

⁵ Daniel Kaufmann and Aart Kraay in *Governance Indicators: Where are We, Where Should We Be Going*, (World Bank Institute Global Governance Group, 2007) make the distinction between *de facto* and *de jure* indicators of good governance

- The economics of globalisation have encouraged governments to pursue rigorously efficiency savings and balanced budgets. But while efficiency is a relatively easy concept to define in a commercial setting, governments have struggled to define, measure and deliver efficiency for the public sector. Several governments have discovered that a more efficient service, in the strictly financial or commercial sense, may not bring about the outcomes that the public want; and
- Governments' traditional levers are becoming progressively less effective. For example the recent global 'credit crunch' has caused economic difficulties for the UK, particularly in the housing market. But British politicians have little control over global financial markets.⁶ As a result governments can be seen as remote, out of touch and powerless.⁷

General characteristics of good government

3.2.5 In response to the challenges of globalisation and in the context of the need to deliver results, there are some general characteristics of good government. These characteristics are shared mainly, but not exclusively, by economically developed countries with stable, established democracies (the focus of this commentary):

- **Good government is increasingly decentralised and 'closer' to its citizens.** The United States has an established tradition of devolved power through its federal structure; local democracy even stretches as far as the election of public servants including local school board members. Furthermore, despite some perceptions of a centralised state in France, the dense network of local, regional and national political institutions has been able in recent years to respond to the EU's 'subsidiarity principle'.⁸ This principle demands that responsibilities are kept at a local level unless it can be demonstrated that a higher level of government can deliver services more efficiently. We note that French governments since President de Gaulle have strengthened the power of regional governments; in particular a 1982 law set up directly elected regional councils with the power to elect their executives. The law also devolved to these regional authorities (the 22 *régions*) many functions hitherto belonging to the central government, in particular economic and social development, regional planning, education and cultural matters. In the UK Gordon Brown in a 2003 speech highlighted the need for devolution and transparency as a non-market non-centralised form of government.⁹ This idea has been further developed in the 2006 local government White Paper which called for further devolution of powers.¹⁰ In essence there is a trend of governments seeking to capture and act upon citizen voice at a local level;

- **Good government is accountable and transparent.** In the United States, federal government departments are rated four times a year on a traffic lights system. These results are published on the internet and the focus for ratings is based on the President's priorities.¹¹ The Government Accountability Office (GAO) also publishes and submits to Congress lists of high risk federal programmes that are not delivering as intended.¹² In France, citizens have the right to demand statements about the reasons behind government decisions affecting them or their businesses. They can also call on *Le Médiateur de la République* (ombudsman) who has the power to propose reforms to ministers on behalf of citizens.¹³ The power of this

⁶ 2007 saw the decline of the sub-prime mortgage market in the United States which led to a loss of confidence and liquidity in global financial markets

⁷ The 1998 OECD Report, *Public Management Reform and Economic and Social Development* describes a "democratic deficit" that is undermining trust in governments. See [http://www.oilis.oecd.org/oilis/1998doc.nsf/LinkTo/PUMA-SBO\(98\)9](http://www.oilis.oecd.org/oilis/1998doc.nsf/LinkTo/PUMA-SBO(98)9)

⁸ The subsidiarity principle was included in the 1992 Maastricht Treaty of the European Union in the context of the division of powers and responsibilities between European governmental bodies and their member countries. The principle has also been applied to the role and structure of government at all levels. See <http://www.eurotreaties.com/maastrichtec.pdf>

⁹ http://www.hm-treasury.gov.uk/newsroom_and_speeches/press/2003/press_12_03.cfm

¹⁰ <http://www.communities.gov.uk/localgovernment/strategies/strongprosperous>

¹¹ <http://www.whitehouse.gov/results/agenda/scorecard.html>

¹² <http://www.gao.gov/docsearch/abstract.php?rptno=GAO-07-310>

¹³ <http://www.mediateur-republique.fr/en-citoyen>

office was strengthened in 2000 as *Le Médiateur* gained the right to initiate reforms on his or her own initiative, and to have permanent representatives around the country. In addition recent public management reform efforts, such as the 2007 *Révision Générale des Politiques Publiques* (General Review of Public Policies), have sought to introduce more accountability in the delivery of public services. In the UK, the National Audit Office now undertakes a range of reviews of spending efficiency, and assessments of performance measurement data systems. This includes in sensitive areas – for example the annual reviews of defence spending, the “Ministry of Defence Major Project Review”¹⁴. Also in the UK, the Prime Minister’s Delivery Unit, combined with the Cabinet Office, has focused on identifying relative performance through information sharing, league tables and civil service capability reviews;¹⁵ and;

- Good government employs management methods and best practice from industry to drive performance and efficiency in the public sector. There is a broad consensus amongst academics and policy makers that command and control bureaucracies are not fit for purpose in the modern age. Modernisation is needed to ensure the state delivers value for money. As a result in the UK for example, some elements of performance related pay have been introduced into the civil service and this concept has been extended to Australia, Denmark and the United States. In Canada’s Expenditure Management System, public managers have the flexibility to fund new initiatives by re-allocating their existing budgets and ‘portfolio budgeting’ in Australia and the Nordic countries gives managers discretion about how to meet mandated savings targets. In France, progress has been made towards making government information more accessible through ‘e-government’ initiatives with one-stop-shop websites and portals.¹⁶ Furthermore a constitutional by-law in 2001, *Loi Organique Relative aux Lois de Finances (LOLF)* made provision for the modernisation of public management by setting performance indicators particularly in relation to the budget.¹⁷

Good government in practice

3.2.6 Most economically developed countries share the broad tenets of good government laid out above. But the methods used to implement government policy, and specifically the extent to which market principles and the private sector have been introduced to improve policy delivery, varies widely. Equally there are differences about which parts of government should be taken out of public ownership altogether. Table C below sets out four broad, generalised, and by no means exhaustive models that governments employ to implement policy.¹⁸ These models are used across and within states:

¹⁴ For example, see the 2007 report at http://www.nao.org.uk/publications/nao_reports/07-08/070898ies.htm

¹⁵ Michael Barber, *Instruction to Deliver, Fighting to Transform Britain’s Public Services* (London, 2007) *passim*

¹⁶ IBM conducted a study into e-government in France in 2003. See <http://t1d.www-03.cacheibm.com/industries/government/doc/content/bin/g510-3552-00-esr-e-government.pdf>

¹⁷ http://www.minefi.gouv.fr/lof/16_1.htm

¹⁸ These models have been adapted from Elaine Kamarck’s book, *The End of Government as We Know It: Making Public Policy Work*, (London 2007.) She highlights three models for implementing policy: ‘Re-invented Government’, ‘Government by Network’ and ‘Government by Market’. This commentary has added privatisation as a fourth model that government might use to achieve certain policy goals.

Table C: Summary of different models of government

Features	Country Examples	Policy Examples
Modernised Government		
<ul style="list-style-type: none"> Implementation of policy is mainly carried out by employees of the state and control and accountability are retained within central or local government departments; However in this model traditional bureaucratic government has undergone a process of reform. Performance measures may be used as a proxy for profit to drive up standards and managerialist methods are often employed. 	<p>In general Nordic countries follow this model in many areas of public policy, although the use of out-sourcing and the introduction of competitive forces are increasing, particularly in the Swedish education system. Nevertheless decentralisation and devolution of power is the central focus of reform rather than choice and the introduction of quasi markets. Denmark in particular has low levels both of privatisation and the use of market type mechanisms.¹⁹ In the UK measures such as the introduction of Public Service Agreements and three year budget cycles demonstrate reform efforts aimed at making government more responsive and 'customer' focused.²⁰ In the United States the 're-invented government agenda', initiated by former Vice President Al Gore attempted to put in motion similar reforms.²¹ In France, this model has been used in relation to public financial management with initiatives such as the 2007 <i>Révision Générale des Politiques Publiques</i> aimed at driving efficiency and transparency in government.</p>	<p>Governments often employ this model when considering policy issues that relate to national security. Contracting out certain aspects of national defence or intelligence gathering would cede an undesirable level of control. Equally other countries might use this model in areas where they want to maintain full authority or have particular equity concerns. For example in Finland, the education system is heavily controlled and there are strict rules restricting private schools and tuition charging. However modernisation is achieved through elements of decentralisation and a focus on efficiency. In the UK, this model was used to improve literacy and numeracy in primary schools between 1997 and 2001. Targets were set, outcomes were measured and government retained full control and accountability.</p>
Partnership Government		
<ul style="list-style-type: none"> Government policies are implemented by a number of providers from the private, public and third sector; Government, as commissioner of services, is responsible for overseeing and monitoring performance and ensuring contracts are aligned to policy priorities but is not responsible for policy implementation; and 	<p>New Zealand pursued an aggressive policy of government reform in the late eighties and early nineties as they sought to open up markets in public service provision and put out to tender many government functions, including policy making in some areas. The 1988 State Sector Act and the 1989 Public Finance Act ensured that output based contracts became the cornerstone of reform.</p>	<p>Governments often employ this model when they want to encourage innovation and flexibility. In the United States, the Wisconsin welfare-to-work programme which helped decrease the number of benefit claimants and increase employment in the state relied on different providers to deliver services (for more information see Case Study A in Chapter 4).</p>

Features	Country Examples	Policy Examples
<ul style="list-style-type: none"> Choice and competition are the orientating principles of public service delivery in this model. 	<p>Furthermore, in recent years some of the government functions that were previously totally privatised are now carried out using this model. There has been the introduction of 'circuit breaker teams' which are designed to bring together the front-line and central government departments and place a renewed focus on partnerships.^{22 23}</p>	<p>In the UK, the partnership model is also being proposed in relation to welfare reform as set out in a recent Green Paper.²⁴ In France, the health system is run using partnership government, with a mix of state and private hospitals available to almost all citizens (For more information see Case Study D in Chapter 4.)</p>
Government by market		
<ul style="list-style-type: none"> This model involves government using its power and influence to create a market that supports public policy aims; and This model often involves few if any public employees. 	<p>The European Union's carbon trading scheme which seeks to limit carbon emissions by assigning an economic value to pollution is an example of the use of this model. Equally, the 1991 Bush administration's tradeable emissions plan for sulphur dioxide emissions mobilised the same principle.</p>	<p>This model is used most commonly when governments seek to change the behaviour of a large group of citizens. Road pricing and congestion charging in the UK, although in their infancy, seek to use the market to achieve policy outcomes. Also, the issuing of individual budgets in adult social care is becoming more common.²⁵ Equally the discharging of child care vouchers to individual families in certain American states is an example of creating a market for service provision.</p>
Privatisation		
<ul style="list-style-type: none"> This model involves removing government altogether from certain areas of delivery. 	<p>The UK in the eighties and nineties underwent a huge privatisation agenda, matched only by New Zealand. The UK state owned sector was reduced significantly in this period.²⁶</p>	<p>This approach is most often used when government believes they don't have the capacity to deliver certain services or they feel the private sector is best placed to be effective. Telecommunications is a particular industry that governments have sought to privatise.²⁷</p>

¹⁹ Donald F. Kettl, *The Global Public Management Revolution*, (Washington, 2000) p.34

²⁰ http://www.hm-treasury.gov.uk/spending_review/spend_sr04/psa/spend_sr04_psaindex.cfm

²¹ <http://govinfo.library.unt.edu/npr/whoweare/history2.html#1993>

²² Elaine Kamarck, *The End of Government as We Know It: Making Public Policy Work*, (London 2007), p10

²³ See link for information about 'circuit breaker' teams in New Zealand:

<http://www.ssc.govt.nz/display/document.asp?docid=5261&pageno=3>

²⁴ <http://www.dwp.gov.uk/welfarereform>

²⁵ The 2007 Department of Health Green Paper (below) set out plans to allow individuals to take more control over their palliative care with the issuing of individual budgets. See

http://www.dh.gov.uk/en/publicationsandstatistics/publications/publicationspolicyandguidance/dh_4106477

²⁶ In 1979 nationalised industries represented 9% of UK GDP; in 2003 they represented 2% of GDP

²⁷ British Telecom was privatised by the Thatcher-led government in 1984 and New Zealand Telecom was sold in 1990

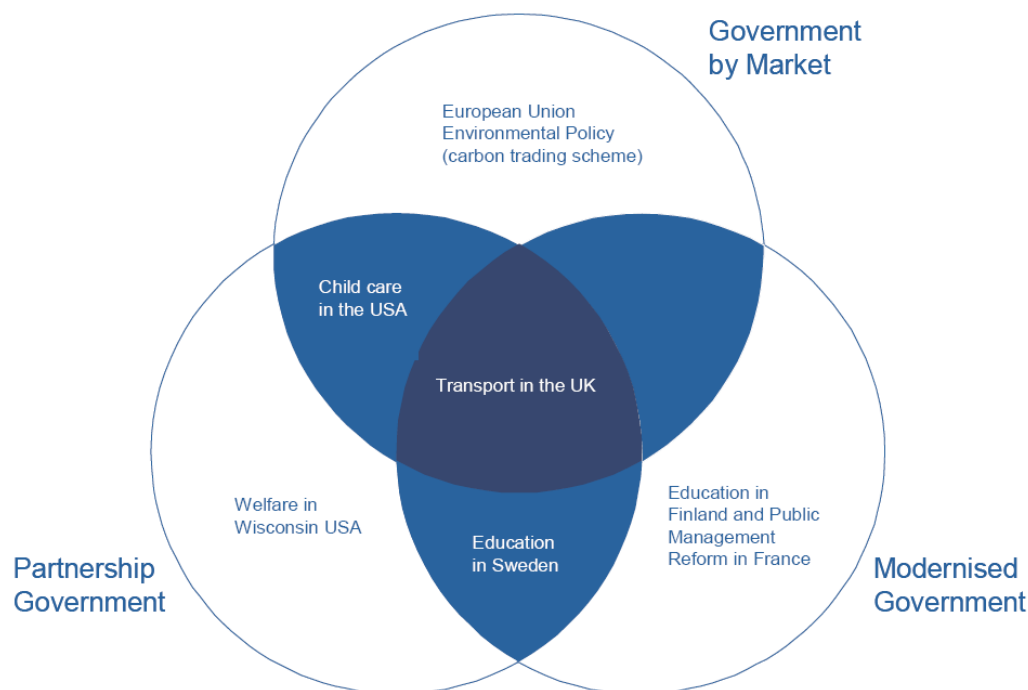
3.2.7 Despite the generic descriptions displayed in Table C above, governments often employ different models within discrete policy areas as well.

*“21st Century government is a messy blend of old-fashioned bureaucracy, partly and fully privatised, and markets.”*²⁸ Elaine Kamarck, Kennedy School of Government

3.2.8 In practice the complexity of the challenge and the willingness of governments to prioritise delivery over structures and ownership have led to a mixed economy of government models used. For example, transport policy in the UK uses a number of models: Driving licences are provided by a modernised bureaucracy (the Driver and Vehicle Licensing Agency), contracts to run national train lines are put out to tender (partnership government) and the M6 road pricing scheme and the London congestion charge use the market to reduce traffic. Equally the Swedish ‘free school’ model employs two good government models. Different education providers from the private and third sector are allowed into the market to offer choice and competition (partnership government) and schools are allowed to close if demand is insufficient. However education authorities still maintain control over certain aspects of the system, including most of the curriculum (modernised government) and modernisation is achieved through localised decision making. Finally, child care policy in the US also uses more than one model: there are a range of different providers who offer child care (partnership government), but some states offer vouchers to individuals to stimulate the market (government by market).

3.2.9 Figure A below illustrates the overlap that exists when employing good government models in relation to the policy areas discussed above and in Table C.

Figure A: The overlap between government models

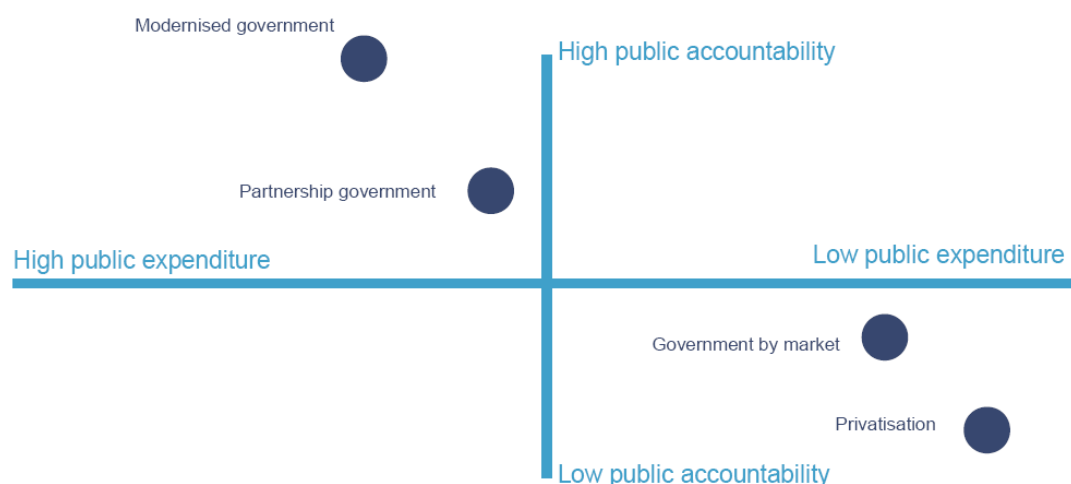


Source: PwC

²⁸ Elaine Kamarck, *The End of Government as We Know It: Making Public Policy Work*, (London 2007), p.10

3.2.10 There is no 'one size fits all' model of good government and in many cases there is a trade-off. Full democratic control, accountability and transparency are promoted by rules based, bureaucratic and state centric solutions. But efficiency savings are arguably better promoted by partnership and market solutions. For example modernised government institutions such as the National Health Service in the UK are constantly under pressure to cut costs.²⁹ But the system guarantees universal coverage, and there are strong accountability mechanisms, such as the Healthcare Commission, that generate public scrutiny. More market and contract based solutions, such as the outsourcing of many government functions in the United States, may cut costs and increase efficiency, but are open to the criticism that unelected and unaccountable private companies are profiting from state investment.³⁰ Figure B below demonstrates an approximation of the intended (note, not necessarily actual) effects of different government models plotted against expenditure and accountability.

Figure B: Theoretical representation of trade-off between democratic accountability and public expenditure and public accountability in good government models



Source: PwC

3.2.11 It is important to note that the models described in this section are comparatively new. In her book Elaine Kamarck describes most of the 20th century as the "bureaucratic century" dominated by topdown, monopolistic government structures.³¹ It wasn't until the 80s that the UK government began to introduce the private sector into public provision and the trend more recently has been for governments to move in the direction of partnership and market approaches. This is linked to a practical view of good government that prioritises delivery over structures and ownership.

²⁹ The National Institute of Clinical Excellence (NICE) is charged with approving NHS payment for specific drugs and is often criticised

for prioritising cost over effectiveness. See example from 2006:
<http://www.telegraph.co.uk/health/main.jhtml?xml=/health/2006/10/12/hnice112.xml>

³⁰ Lockheed Martin IMS, traditionally an aerospace business, decided to bid for welfare-to-work contracts in the United States in 1996. In addition, according to William Ryan in *the New Landscape for Nonprofits* (Harvard Business Review, January – February 1991), Maximus, another for-profit in the welfare to work network, describes social security as a potential \$21 billion market

³¹ Elaine Kamarck in *The End of Government as We Know It: Making Public Policy Work* (London, 2007), Chapter 1

3.2.12 However, it would be wrong to assume that government has been totally out-sourced and hollowed out. In the recent “credit crunch” in both the United States and the UK, the public have demanded a bigger role for government in protecting savings and investments.³² Equally, in 2001 Railtrack was taken back into public control after disquiet at the perceived failure of the privatisation of British Rail. So whilst there is a role for different models of good government, in times of duress and when the public feel they are not getting value for money, central bureaucracies, modernised or otherwise, continue to have a role to play.

3.3 Government structures in France and the United States

3.3.1 The section below considers the following:

- The different constitutional and institutional arrangements in the United States and France; and
- The impact of those different constitutional and institutional arrangements on the delivery of good government.

3.3.2 The United States and France have different and distinctive government structures. The US system is highly decentralised with individual states having a great deal of autonomy over policy development and implementation. The French system is mixed and real efforts to decentralise power to a local level are combined with a highly regulatory central state. Experts in both countries highlighted advantages and disadvantages of each system in relation to the delivery of good government. More detail about the constitutional frameworks and institutional architectures of the two countries and the UK are available at Annex C.

The United States – “Ambition must be made to counteract ambition”

3.3.3 In the United States there is a well-versed view, highlighted consistently during the interviews, that state institutions are so well balanced that effective government is greatly restricted. In fact, this was the stated intention of the founding fathers who wanted to prevent tyranny and limit the power of any one institution.³³ The checks and balances between the judiciary, the legislature and the executive are such that they often create conditions for policy paralysis rather than delivery.

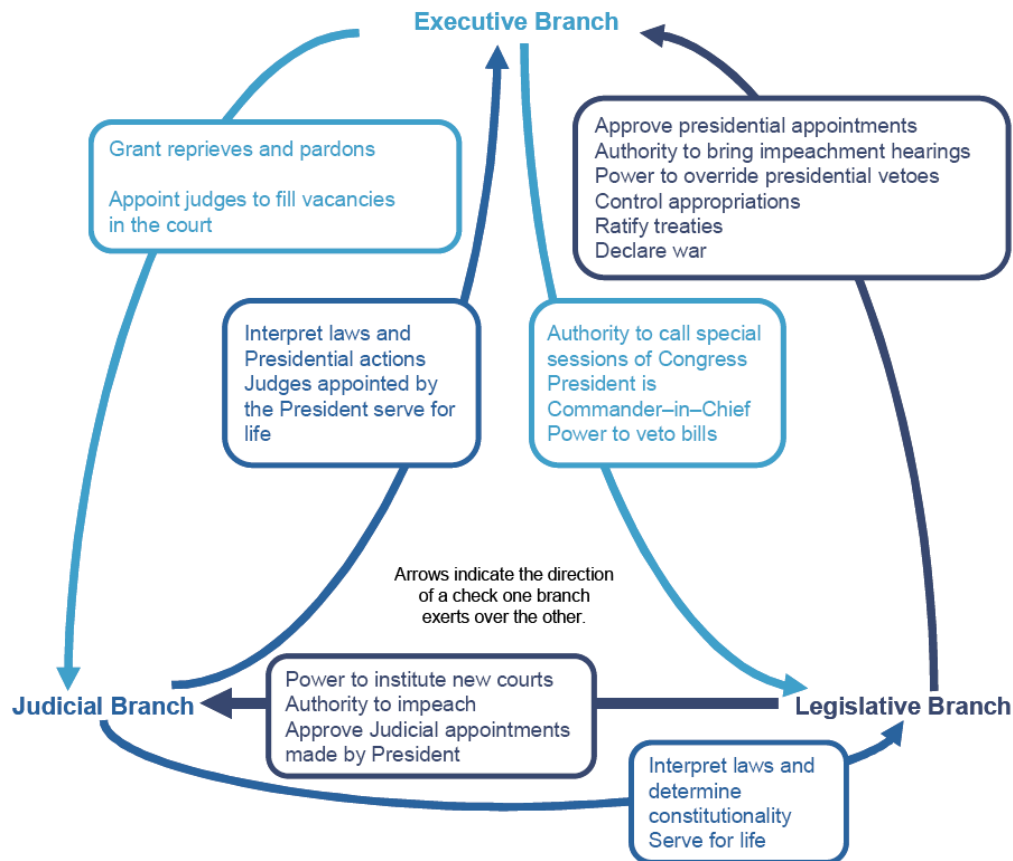
“Where the environment has so many checks, the only way you could get anything to happen was to reach a consensus that would inevitably be ‘in the middle’ and stop the country going off in either of these two directions.” Steve Kelman, Kennedy School of Government

3.3.4 Figure C below highlights how the checks and balances work in the United States federal government.

³² The UK bank Northern Rock was taken into public ownership in February 2008. The United States Federal Reserve agreed to underwrite mortgage guarantors Fannie Mae and Freddie Mac in July 2008.

³³ “Ambition must be made to counteract ambition”, Maddison, Federalists papers, no.51

Figure C: Representation of the checks and balances in the United States government³⁴



Source: <http://cahsa.info/sitebuildercontent/sitebuilderpictures/checkandbalance.jpg>

3.3.5 So to a certain extent the constitutional framework is designed to make government more, not less, difficult. In this context, ‘grid locked’ government is a common phrase often used to define the situation where the constitution has worked against decisive policy making and delivery. The result is that the rationale for government intervention has to be proved beyond all doubt, rather than taken for granted.

3.3.6 Academic interviewees, however, agreed that the institutional framework is critical in understanding how policy decisions are made.³⁵

“Within the Executive branch the system of checks and balances works like this; instead of two people sitting down and coming to an agreement, they argue vociferously for their department and then a third party – the president – listens and decides. It is not a coincidence that phrases like joined up government are more common in the UK.” Steve Kelman, Kennedy School of Government

3.3.7 There are three implications for good government in relation to the US system:

- **Broad and deep policy research prior to legislation is essential since there has to be a consensus before decisions can be made.** Even if the same parties reside in the executive and the legislative branches of government, Congress and the presidency are institutionally antagonistic, therefore the evidence base has to be so convincing that it can overcome party and branch competition;

³⁴ <http://cahsa.info/sitebuildercontent/sitebuilderpictures/checkandbalance.jpg>

³⁵ Roger Porter, *Presidential Decision Making: The Economic Policy Board* (New York, 1980) and Alexander George, *Presidential Decision Making in Foreign Policy* (New York, 1980)

• **Policy competition between states is promoted by the federalist system of checks and balances.** Since the ability of the federal government to act is restricted, local policy development and delivery is incentivised. As a result the states often become testing grounds for policies that may eventually be rolled out nationally. For example, the policing strategies trialled successfully in New York in the late nineties now act as a template for other states (and countries); and

• **Institutional antagonism leads to a culture of vigilance rather than collaboration.** Since the role of government institutions is to guard against the power of other institutions, they are prone to being risk averse. For example US academics considered that the primary role of the Government Accountability Office (GAO) was to censure government rather than support government in achieving its goals.

France – “La logique de l’honneur”

3.3.8 The French political system is complex, distinctive and mixed, tending neither to the majority-based systems found in Australia and the UK, nor the consensual systems that exist in the Nordic countries and the Netherlands. Instead France hosts a ‘semi-presidency’, combining aspects of parliamentary and presidential democracies where the relative powers of parliament, the Prime Minister and the President are constantly under debate.

3.3.9 France has a highly rules-based, legalistic and regulatory government framework. As a result policy making is closely linked to the legislative processes. There is the *Conseil d’Etat* which renders first judicial review over almost all legislation proposed and the *Conseil Constitutionnel* which has the power to block draft law if it doesn’t comply with the constitution. In addition, after laws are passed they should be followed by a *Décret d’Application* which is driven by ministers in the relevant department and allows for the necessary adjustments to the high volumes of regulations. For policy making to lead to effective delivery, there is a need to ensure that regulations are aligned to the policy objectives.

3.3.10 France has what academics described as a centralised/ decentralised system. Government power has been devolved to a more local level in recent years, notably with the creation of 22 *regions* in 1982 as an extra layer of local government. Local decision makers now participate in many policy processes. But the central state still retains a great deal of control and power, partly due to the highly regulatory nature of the legislative and policy making process. Also the strong French tradition of *Le Grand Projet*, with an emphasis on large-scale infrastructure projects (e.g. the Channel Tunnel), promotes an enhanced role for the central government.

3.3.11 French public services, in particular the health system, are considered to be some of the best in the world, despite the complexity of the government machinery.³⁶ This is linked partly to large government expenditure and administrative capacity but also to what academics described as *La logique de l’honneur*, or pride in public service. Others attribute the success of the health system, in particular, to a partnership model of government that has supported the introduction of private providers into the market and promotes choice and diversity.³⁷

³⁶ www.delouvrier.org/themes/delouvrier/files/Barometer_english.doc

³⁷ The UK think tank *Civitas* produced a report in 2001 highlighting the advantages of the choice and competition offered by the French health care system. See <http://www.civitas.org.uk/pdf/cs17.pdf>

3.3.12 The focus for government reform in France in recent years has been modernisation and efficiency rather than privatisation and the hollowing out of government. For example, the French government retains almost 85% ownership of the energy company EDF which runs most of France's nuclear power stations. This can partly be explained by a strong tradition of social solidarity and an adherence to a European social model as opposed to an anglo-american markets based approach.

3.3.13 Much of the impetus for recent reform has come from the European Union which set out broad themes for good governance in a 2001 White Paper.³⁸ The paper highlighted the need for governments to be more transparent, citizen focused and efficiently regulated. In addition, since the introduction of the Euro and joint European monetary policy, there has been a strong incentive for the French to minimise government debt, an issue that has been seen to damage public finances in France over many years.³⁹

There are three implications for good government in relation to the French system described above:

- **Policy making and delivery is strongly influenced by the regulatory nature of the French system.** The effective implementation of public policy objectives relies on supportive regulation. As a result much of the debate about good government has centred on making the legislative processes function better;
- The French tradition of social solidarity means that efficiency in the strictly commercial sense is often superseded by concerns about equality and quality. The French healthcare system was considered the world's most effective in terms of outcomes and responsiveness by the World Health Organisation in 2000. But at a cost. France spent approximately 9.8% of its GDP on health in that year, compared to the UK which spent 5.8% then (and was ranked 14th). However recent reform efforts have focused on cutting costs whilst maintaining standards; and
- The French state's resistance to marketisation and privatisation means that much of the reform agenda has been focused around modernised government. Good government in France requires state bureaucracies to function better, rather than the dismantling of the state bureaucracies. Evidence of this comes from an independent report in 2004, which highlighted citizen satisfaction levels with public services of between 70 and 85%.⁴⁰

3.4 Conclusion

3.4.1 Governments in the economically developed world (and elsewhere) are increasingly practical in their approach to good government. What works on the ground is prioritised over questions about who delivers services and what structures are in place. So while there are some broad characteristics and models of good government, in reality there is no one size fits all solution for all public policy areas. Furthermore, the different government structures and traditions in countries shape the models used and influence the decisions which policy makers and politicians come to. Specifically, in the United States the federal structures of checks and balances often promote 'grid locked' government but as a result policy competition is incentivised at a local level. In France the need to fulfil socially solidaristic goals often means that public service provision is well funded but expensive. And the very different structures and traditions of governments in the United States and France highlight why they have been chosen as focus countries; they provide contrasting perspectives.

³⁸ http://eur-lex.europa.eu/LexUriServ/site/en/com/2001/com2001_0428en01.pdf

³⁹ In 2005, former BNP Paribas Chief Executive produced a report for the French finance ministry which showed national debt as 66% of GDP and growing. National debt was seen to be linked to an expanding civil service and increasing pension liabilities.

⁴⁰ http://www.delouvier.org/themes/delouvier/files/Barometer_english.doc

4 Policy making and delivery

4.1.1 The following section considers:

- The strengths, weaknesses and success factors for policy making and delivery in the United States and France; and
- Specific examples of good practice in policy development and delivery
- Policy making and delivery are discussed in this chapter and then policy evaluation and monitoring are considered in Chapter 5 below. These processes are closely linked, and a diagram demonstrating the connection between all policy processes is at Annex C.

4.2 Policy making and delivery in the United States

4.2.1 US academics pointed to two areas of strength in relation to policy making and delivery, both linked to the constitutional structures in the United States:

- Policy competition leading to innovation; and
- Analytical capability.

4.2.2 Some commentators have identified competition as an integral prerequisite for effective policy making. Tim Besley of the London School of Economics concluded that societies with policy competition not only have strong institutions, either private or public or third sector, to deliver policies but they are more likely to develop innovative policy solutions.⁴¹ He also considered that single issue authorities that have directly elected officials, like regulatory commissioners in the US for example, foster innovation since they expand the scope of issues that are put to the public vote and attention.

4.2.3 There was also agreement that the federalist system in the United States encourages competition and that the potential for inertia in central government can be an incentive for local innovation.

“It is one of the happy incidents of the federal system that a single courageous state may, if its citizens choose, serve as a laboratory and try novel social and economic experiments without risk to the rest of the country.” Justice Brandeis, Supreme Court

⁴¹ Tim Besley, *Political Institutions and Policy Competition* (London School of Economics, 2005)

4.2.4 Multiple jurisdictions competing to produce effective policy outcomes can therefore drive up performance. For example, an informed public and media are likely to point out superior outcomes in other states and there will be pressure on policy makers to justify their positions in the face of apparent alternatives elsewhere. An example of state innovation leading to national (and international) recognition and replication is the Wisconsin welfare-to-work programme of the late nineties (detailed in the box below.) As explained at 3.2.6 in Table C above, these programmes were particularly effective since the model of government used (partnership government) is often suitable when innovative solutions are sought.

Case Study A: Welfare to Work in Wisconsin – Partnership Government

The Personal Responsibility and Work Opportunity Reform Act (PRWORA) passed in 1996 by Congress provided that a substantial amount of money was given to the states to pay for welfare-to-work programmes. This, in effect, was an admission by the federal government that a bureaucratic, rules based and centralised system was not able to tackle welfare dependency effectively. In the previous half-century welfare rolls had remained stubbornly high regardless of economic conditions. The Act paved the way for innovation at the state level and the private and not-for-profit sector, along with religious organisations, were invited to deliver welfare support.

‘Wisconsin Works’ and ‘Wisconsin First’ programmes were instituted between 1997 and 2000 to encourage citizens back to work and were mostly targeted at single mothers who received tailored support. The governor Tommy Thompson started by dividing the state into 80 welfare-to-work areas which did not correspond with county administrations who traditionally delivered welfare support. As a result in 11 areas for-profit or not-for-profit organisations ran programmes. Native American organisations delivered programmes in three areas. Competitive tendering was also introduced in some parts of the state. The result was the delivery of services that were more personalised and responsive to local needs.

The scheme has now been replicated in many states and a networked and partnership approach is also suggested in the recent Green Paper published by the Department for Work and Pensions in the UK.⁴² Furthermore an audit of the programmes in 2001, whilst circumspect on the quality of jobs that people received as a result of the support provided, acknowledged that the number of people dependent on welfare had dropped and numbers in overall employment had increased.⁴³

It is the partnership approach that allowed different organisations to enter the market, rather than the benefits conditionality element of the programme that has been credited with the success. Elaine Kamarck considers that PRWORA supported innovation at a local level and that this was the crucial difference from what had been in place before. She considered that the Act had created:

“a burst of creativity and innovation in helping women from welfare dependence to work.”⁴⁴

⁴² <http://www.dwp.gov.uk/welfarereform>

⁴³ <http://www.legis.state.wi.us/lab/Reports/01-7full.pdf>

⁴⁴ Elaine Kamarck, *The End of Government as We Know It: Making Public Policy Work*, (London 2007), p.49

4.2.5 The partnership model used to encourage innovation, as seen in the Wisconsin example above, is now being increasingly employed in the economically developed world. The Swedish 'free school' model has allowed a number of different providers into the market to deliver government funded school services. This idea has also been strongly supported by the Conservative opposition in the UK.⁴⁵ In New Zealand there are also high levels of the use of market type mechanisms and numbers of civil servants reduced from 88,000 to 37,000 between 1988 and 1994.⁴⁶

4.2.6 The innovative culture, fostered by the competitive nature of the US system, is supported through institutions such as the Ash Institute for Democratic Governance and Innovation at the Kennedy School of Government.⁴⁷ This institute has developed the Innovations in American Government Awards Programme which provide local policy innovations with national and international recognition. The strong US tradition of private philanthropy helps to fund this institute and others around the country and provides another important support for innovation.

4.2.7 One of the finalists for the 2008 Ash Institute competition is the Learn and Earn programme in North Carolina (details below) which is an example of a state government using its power to influence the market to incentivise learners to extend their education.⁴⁸

Case Study B: Learn and Earn in North Carolina – Government by Market and Modernised Government

North Carolina has attempted an ambitious programme of education reform in response to the financial burdens of a University education in the United States. The state believes that there is an economic imperative for all citizens to equip themselves with the right higher level skills to survive in the global economy.

The state Governor, Mike Easley, in addition to other education initiatives, has instituted Learn and Earn schools that allow students to study for university courses whilst still in high school (secondary school). The schools are situated on University campuses and give students the opportunity to achieve at least two years worth of university credit without paying for tuition. If students then decide to go to university and finish their degrees, they can have their fees subsidised by the state as long as they agree to get a part time job for eight to ten hours a week – thus meeting the state's educational and social policy aims at the same time. The scheme has since been replicated in other states, including New York and has gained national recognition.

This programme is an example of both government by market and modernised government, since the State is using its ability to financially support individuals in a market based system of provision and because the scheme involves modernised state institutions (the Learn and Earn schools). The solution provided by North Carolina is also focused on those students who are often excluded from higher education due to affordability issues and therefore is an example of government trying to influence the market where there are equity concerns.

4.2.8 There was also agreement amongst interviewees that, as well as innovative policy making and policy solutions, the US government can call upon a very broad level of analytical and research capability to support evidence gathering from both within and outside government. This too is linked to the constitutional imperative for checks and balances. Since the system is prone to inaction, a great deal of evidence needs to be generated in order to achieve consensus and subsequent changes in the law.

⁴⁵ Michael Gove, the shadow spokesman for Children, Schools and Families, gave a speech to the ippr in August 2008 setting out his proposals for schools. See <http://www.ippr.org.uk/podcasts>

⁴⁶ Christopher Pollitt and Geert Bouckaert, *Public Management Reform: A Comparative Analysis* (Oxford, 2004), p. 280

⁴⁷ http://www.ashinstitute.harvard.edu/corporate_site/about_us

⁴⁸ <http://www.nclearnandearn.gov/learnEarnHighschools.htm>

“The US has perhaps more developed analytic capabilities for policy making than any government in the world. There are more people who understand economic modelling, econometrics, data analysis, decisions theory etc.” Steve Kelman, Kennedy School of Government

4.2.9 Kelman considered that one of the major differences between US and UK civil servants was their levels of specialist expertise. He thought that whilst US government employees were on the whole specialists in their fields, UK civil servants tended to be “clever people who studied classics.” This however appears to be changing in the UK. For example, Fast Stream civil servants are now required to have more practical, front line experience before being promoted through the ranks, and there is a requirement that chief financial officers of government departments must have an accounting qualification.

4.2.10 Outside of government, the United States also has swathes of think-tanks, universities and institutions that support evidence based policy making. There are two institutions in particular which are worthy of consideration in this respect: the Kennedy School of Government and the Brookings Institute.

4.2.11 The Kennedy School of Government is considered a major resource in the training and development of future leaders and a place where the academic community is highly engaged in the practicalities of policy. The school is based at Harvard University and brings together academics, politicians and policy makers.

*“The Kennedy School provides a respected arena where ministers, senior officials and practitioners can come together to discuss issues of public administration.”*⁴⁹
Public Administration Select Committee Report

4.2.12 The Washington based Brookings Institute is a particularly well funded think tank that has links across the political divide. Its website is a highly respected resource and the Institute hosts effective discussion forums with speakers from a number of backgrounds, using new media effectively.⁵⁰ A recent online discussion titled ‘Is it possible to fix government?’ included Mayor Bloomberg of New York, academics and public sector consultants and allowed participants to respond in real time over the internet.⁵¹ It has 140 resident and non-resident scholars and in 2004 owned assets of \$258 million. This represents a marked difference with the United Kingdom, whose think tanks are much smaller and less well funded.⁵² Again the American tradition of private philanthropy can be seen to support the evidence gathering process.

4.2.13 However, although most academics interviewed agreed that the US has considerable analytical capability to support the making of policy, they asserted that there was less capacity in relation to delivery. That is, whereas the US was considered to have more data to inform legislative processes and decision making, the UK was considered to have more data to support implementation processes. The bias towards government balance in the United States means that all the effort goes into changing the law rather than seeing whether it is effective or not.

“What the UK calls evidence based policy making, I would call evidence based delivery making.” Steve Kelman, Kennedy School of Government

⁴⁹ <http://www.publications.parliament.uk/pa/cm200607/cmselect/cmpubadm/93/93i.pdf>

⁵⁰ <http://www.brookings.edu>

⁵¹ http://www.brookings.edu/interviews/2008/0617_government_mann.aspx

⁵² The UK think tank the ippr, which is considered to be influential with the current Labour government, has 36 research staff.

4.2.14 US academics also highlighted what they considered were critical success factors in ensuring policy is delivered effectively. Steve Kelman, in particular, focuses on the relationship between policy and practice; between government and front-line public sector workers.⁵³ He reported that the following points need to be considered for new policies to be implemented successfully:

- Quick wins – showing people that change is possible;
- Positive feedback given to front-line deliverers;
- Establishment of a reform coalition,⁵⁴ and
- Paying attention to delivery (something which Kelman considers is done more effectively in the UK).

4.2.15 Kelman is sceptical about the use of performance related pay in the public services to deliver change. If there are group incentives he believes pay bonuses can be effective but considers that a focus on individuals can limit the incentive for collaboration.

“It works if it’s an absolute system and not a relative one. If you have a system where no matter how well teachers do only half get bonuses that can be very problematic. If you have a system where they are collectively rewarded for raising performance that can be less problematic.”

In the public sector you are unlikely to give people the kinds of reward for achieving outcomes that you can in the private sector; and because the outcomes are out of their control, that suggests because you cannot give them the upside you should also not be so harsh about their downside.” Steve Kelman, Kennedy School of Government

4.2.16 Finally, Kelman emphasises the need for continuity and persistence in policy delivery rather than constant change. A focus on delivery is an area where he thinks the UK is well advanced, considering the creation of the Prime Minister’s Delivery Unit, which monitors and supports performance improvement across government departments, as a key innovation. However, Kelman does acknowledge the need for politicians to present new ideas. (For more information on performance monitoring and evaluation see Chapter 5).

“There is an unfortunate gap between incentives in the political system for saying/doing something new and the need in the delivery system for having more continuity and persistence in promoting a smaller number of initiatives.

A whole number of mechanisms get set in motion that promote the acceptance of change that simply require the passage of time.” Steve Kelman, Kennedy School of Government

4.2.17 Although US academics considered that attention to policy delivery was more advanced in the UK, there was a general consensus that more focus was needed in this area in the US and that efforts should be centred on communication between government departments and public sector workers and leaders.

⁵³ Steve Kelman, *Unleashing Change: A study of organisational renewal in government*, (Washington, 2005)

⁵⁴ This is an idea which is built on by Charles Clarke who describes the need to engage ‘advocates for change’ in the public services
(Charles Clarke MP, *Effective Governance and the Role of Public Service*, p.135)

4.3 Policy making and delivery in France

4.3.1 French academics interviewed highlighted three linked aspects of policy making and delivery that were either undergoing reform or needed further reform and that were influenced by the distinctive nature of the French political system:

- Parliamentary scrutiny;
- Pre and post legislative consultation; and
- The alignment of the legislative and delivery processes.

4.3.2 France hosts a highly regulated system which means that policy making and delivery are primarily driven by the legislative processes (see section 3.2 above for more detail). The current constitution allows only the executive the power to initiate legislation whereas before 1958 parliament also had that right. The constitution of the Fifth Republic, passed in 1958 by President Charles de Gaulle, actually intended to create a strong executive in order to limit the instability that existed before when governments often fell. Academics argued that a by-product though has been the creation of a relatively supine parliament.

4.3.3 Academics considered that stronger parliamentary scrutiny would support good government. Currently the executive introduces draft legislation, sends it to the *Conseil des Ministres (Conseil d'Etat and Conseil Constitutionnal)* for legal review and then hands it over to parliament for what is described as a 'validation' rather than a scrutiny process. Parliamentarians can direct proposals to the government to amend legislation but cannot make amendments themselves. However, over the past 50 years, on average, one parliamentary proposal is adopted into law for every 40 draft laws introduced by the government. Legislative processes and therefore policy making reside primarily with the executive.

4.3.4 Since parliament has a relatively weak role at the national level, legislators are much more engaged in their local areas. For example, out of the 577 parliamentarians, often only 30 will participate in plenary sessions where debates can be superficial and limited. There is no equivalent of Westminster's Prime Minister's Question time where almost all MPs are present. Furthermore, although six permanent commissions review all draft legislation, they have few resources and the presidents of these commissions are automatically members of the parliamentary majority. There is no tradition of independent committee scrutiny similar to the select committee structure in Westminster or the congressional oversight process in the US. As a result, scrutiny, review and evaluation of draft laws in France are limited and therefore policy making is reliant on the effectiveness of the executive. Control over the executive is performed almost exclusively by the executive.

4.3.5 However despite reservations about the role of parliament in the policy making process, academics agreed that the new constitutional amendment proposed by President Sarkozy in July 2008 was designed to tackle these issues. The amendment proposed, amongst other things, the following:

- An increase from six permanent parliamentary committees to eight;
- The transfer of control over the daily parliamentary agenda to parliament;
- That power be given to parliament to amend draft legislation rather than just make proposals for changes; and
- The introduction of a new law which will increase the number of preliminary impact studies carried out before legislation is passed.

4.3.6 In addition to the reforms laid out above, interviewees highlighted that policy success in France depended on the extent to which public consultation was carried out, and the citizen

voice was listened to. Relatively high levels of collective direct action, illustrated for example by the strikes against Prime Minister de Villepin's social security reforms in 2006, underline the need to engage the public when difficult decisions are made. (See box below)

Case study C: Anti-smoking legislation and wider health campaigns – Modernised Government

Prime Minister de Villepin's 2006 law banning smoking in public places combined with wider public health efforts were seen by interviewees to be examples of successful policy making and implementation. Academics highlighted the unusually high levels of public consultation that took place and the use of modernised local institutions to promote citizen engagement as the critical success factors.

In May 2004, the Minister of Health launched a public study through the General Inspectorate of Sanitation and Social Affairs (*L'Inspection Générale des Affaires Sanitaires et Sociales*) to explore the feasibility of a complete smoking ban in public places. In addition after draft legislation was drawn up, the ministries of public health and social affairs conducted high profile communications campaigns on the benefits of the law which encompassed a wide range of media.

The legislation was just one part of wider anti-smoking efforts and formed part of a four year public health programme. The government took a very proactive role in driving through these reforms and creating the necessary institutions for implementation. New regional public health interest groups were set-up and organised regular consultations on the programme's various themes, including the anti-smoking efforts. The policy making process in this case was therefore seen as transparent and consultative.

Academics considered that this area of government policy bridged the gap between a prime ministerial declaration of a new law and the necessary consultation needed for the law to be enacted in real life. One academic compared the anti-smoking legislation favourably to the 2006 proposed changes to the 35 hour working week which were not properly consulted on and therefore met fierce street protests. The strong tradition of social solidarity in France means that civic society is acutely conscious about being listened to and that for government policy to work consultation has to be effective.

"If there is no social dialogue during the decision making process, then there is a big risk of blocking. Renaud Dorandeu, *ENA*

4.3.7 This case study demonstrates an example of modernised government, where the citizen voice was engaged and traditional state bureaucracies were decentralised to promote wider consultation.

4.3.8 Interviewees also reported a need to align better the legislative and policy making processes with the delivery processes. At present there can often be delays between when a law is passed and the necessary *Décret d'application* which enforces the regulatory changes needed to enact the law in practice. The passing of *Décrets d'application* are dependent on individual ministers and ministries having the authority and commitment to push them through and as a result many laws are weakly implemented and not accompanied by a *Décret*. Laws which are contentious are unlikely to receive full ministerial backing and therefore regulations can often be left unchanged.

"The more sensitive a law, the less likely it is to be implemented." Renaud Dorandeu, *ENA*

4.3.9 The lack of regulatory provision and consultation attached to a law was evident in relation to Prime Minister de Villepin's law for affordable housing (*Loi Dalot*). The law was passed quickly by parliament in three months but with neither public consultation, nor an analysis of how much it would cost, nor an understanding of the necessary regulatory changes. As a result

the law stayed at the level of principle and no action was taken to implement it once it was adopted.

“At the moment, successful policy delivery depends on the relevant ministry’s ability and commitment to pass the Décret and implement the new law. There is a big gap between the Prime Minister’s declaration and broader public consultations that are needed to co-ordinate the policy delivery.” Eric Meisse, ENA

4.3.10 In order to combat this discrepancy between law making and enactment, the Sarkozy government introduced the *Circulaire* of 29 February 2008 on the application of the law. The *Circulaire* sets out the following principles of reform:

- An indicative timeframe of a maximum of six months was set for a ministry to begin the delivery of a new law;
- Each ministry has to set up an administrative body with responsibility for coordinating the application of new laws in their policy area;
- An inter-ministerial meeting must be convened following the adoption of new legislation so that implementation and regulatory processes can be assigned to relevant ministries;
- A review meeting must be scheduled three months after legislation is passed to assess progress and identify any risks or challenges to the full implementation and
- Finally, in line with the 2001 European White Paper on good governance, the ministry must identify an agency able to deliver the new policy.⁵⁵

4.3.11 However, despite all the concerns about the legislative processes raised by academics there was still a consensus that public services are delivered to a high standard in France. Some felt this is linked to a culture of respect and pride in public service, whilst others considered that high expenditure and large numbers of administrators are key factors. Commentators outside France however point to the model of government used as the most important driver for success with particular reference to the French health system (see box below).

⁵⁵ http://eur-lex.europa.eu/LexUriServ/site/en/com/2001/com2001_0428en01.pdf

Case study D: French healthcare – Partnership government

France has a mixed provision healthcare system in which public funding is combined with individual payments, where private and government hospitals compete and where the citizen has complete freedom of choice. Actually, despite perceptions of France as a highly centralised state that shuns the introduction of private sector providers, the health care system shows that good policy development and delivery in France can rely on different approaches. Even some US commentators, despite reservations about 'socialised medicine', consider the French system a good model for reform of US healthcare.⁵⁶

French citizens have a choice of doctor, whether a GP or a specialist, to whom they pay a fee and typically claim back 75-80% depending on the treatment. In addition there is provision for approximately 6 million poorer citizens who are not expected to pay upfront at all. Choice is paramount and regardless of whether a patient is subject to co-payment or not, they can self-refer to a specialist inside or outside a hospital. Furthermore French insurance schemes make no distinction between state and private hospitals and patients are free to go to the institution of their choosing.⁵⁷

Compulsory insurance covers the whole working population which accounts for about 20% of payroll including employer and employee contributions. Individuals can identify on their pay slips how much of their salary is going into the *Sécurité Sociale* (the national social security fund which mostly goes on health care costs) in the same way UK citizens can identify national insurance contributions.

System performance indicators are positive. There are virtually no waiting lists and there are high levels of citizen satisfaction. Data from the late nineties show over 65% satisfaction with services compared with 48% in the UK.⁵⁸ Equally France performs well by almost all population and health status measurements.⁵⁹ For example, in 2000, the World Health Organisation considered the French health care system the best in the world.

However, other observers have criticised the system as being overly expensive and efforts have been made to try and cut costs, in particular with the introduction of *L'Hopital 2007*⁶⁰. Nevertheless, there was general agreement amongst academics that the French healthcare system provides a good service to its citizens, linked in part to the model of government used: 'partnership government.'

4.3.12 The case study highlighted above shows that the French healthcare system prioritises choice over the primacy of state provision. Private providers are welcomed into the market in order to support the overall quality of the service. This model has been used in relation to schools in Sweden where a number of different providers including voluntary, private and religious organisations are charged with delivering state services with state funding. In the UK there are elements of this model in the health service. In recent years private provision has been used to supplement state hospital provision. However the patient cannot choose private provision and expect the state to refund the treatment.

⁵⁶ Paul Dutton, associate professor of history at Northern Arizona University, highlighted the French model in *Differential Diagnoses: A Comparative History of Health Care Problems and Solutions in the United States and France* (New York, 2007). He wrote an article for the Herald Tribune summarising his position here

<http://www.iht.com/articles/2007/08/13/opinion/eddutton.php>. Also see the following article in Business week http://www.businessweek.com/magazine/content/07_28/b4042070.htm

⁵⁷ According to a Civitas report (<http://www.civitas.org.uk/pdf/cs17.pdf>), 65% of beds are provided by state hospitals, 20% by for-profit hospitals and 15% by not-for-profit hospitals.

⁵⁸ Mossialos, E., Citizens' views on health systems in the 15 member states of the European Union, Health Economics, Vol. 6, pp. 109- 16, and Eurobarometer survey (1997).

⁵⁹ Jabubowski, E., Health Care Systems in the EU: A Comparative Study, E. P. Working Paper, SACO 101/rev. EN, EuropeanParliament (1998.)

⁶⁰ Details of various reforms detailed here <http://www.lse.ac.uk/collections/LSEHealth/pdf/eurohealth/vol12no3.pdf>

4.4 Conclusion

4.4.1 Academics in both the United States and France highlighted areas of strength and weakness in relation to policy making and delivery in their countries. In the United States there was agreement that broad analytical capacity and strong policy competition helped to support the policy process. Interviewees considered that both of these aspects were influenced by the constitutional nature of the US system and the embedded checks and balances. Equally, there was concern amongst academics that the US needed to focus more on delivery processes in order to ensure improvements on the ground. In France, there was agreement that public services were delivered well and that recent reform efforts to bolster the scrutiny role of parliament were heading in the right direction. However concerns were still raised about the efficiency of the regulatory and legislative processes that shape French policy making.

5 Performance monitoring and evaluation

5.1.1 This section considers:

- How governments in the United States and France monitor and evaluate performance; and
- Examples of best practice in monitoring and evaluation.

5.1.2 As described above in Chapter 4 performance monitoring and evaluation are vital parts of both policy making and delivery and should not be considered in isolation. The quotation below highlights the interconnectedness of all parts of the policy process.

*“Effective policy competition requires both that policy is effectively analysed and that research findings are disseminated in an effective way. This requires a number of institutions. Policy is analysed within governmental institutions such as government funded policy units as well as independent think tanks. The role of higher education institutions with a strong research tradition is also a vital part of the process of policy analysis and evaluation.”*⁶¹ Tim Besley, London School of Economics

5.2 Performance monitoring and evaluation in the United States

5.2.1 In the United States there are a number of institutions responsible for judging and monitoring performance (for more details see Annex C). The main federal organisations are:

- **The Government Accountability Office (GAO):** The GAO plays a broadly similar role to the National Audit Office (NAO) in the UK and reports directly to Congress. The GAO looks to ensure that government programmes are delivering value;
- **The Office of Management and Budget (OMB):** This organisation is part of the executive branch and seeks to monitor the performance of central government departments using a number of rating tools;
- **The Inspectors General:** They conduct investigations to support probity and transparency amongst public servants and ensure federal programmes are delivering; and
- **Congressional hearings:** A hearing is a meeting or session of a Senate, House, Joint or Special Committee of Congress, usually open to the public, to obtain information and opinions on proposed legislation, conduct an investigation, or evaluate the activities of a government department or the implementation of a Federal law.

5.2.2 The central critique of these accountability structures voiced by US academics interviewed is that, as a result of the system of checks and balances, the organisations listed above promote accountability of the processes rather than the outcomes of good government. The focus on balanced government encourages vigilance between organisations rather than collaboration.

⁶¹ Tim Besley, *Political Institutions and Policy Competition*, (London, 2005)
<http://econ.lse.ac.uk/staff/tbesley/papers/policycomp1.pdf>

5.2.3 Elaine Kamarck argues that this process focus is a by-product of a rules-based system that naturally develops in traditional bureaucracies. If rules are kept, the bureaucracy is working. Another US academic, Robert Behn points out that the problems are even more serious than just performance neglect. He describes how a system designed to prevent corruption ended up creating a system inundated by poor performance.⁶²

5.2.4 Furthermore, Kelman considers that there is an audit rather than advisory culture around government performance in the United States. He argues that reports from the GAO and Inspectors General are highly critical documents in contrast to UK equivalents which are typically more balanced.

“This reflects the American approach that the job of these institutions is to create a check. The job is not to advise but to audit.

You can predict the difference between NAO and GAO outputs by looking at our different constitutions.” Steve Kelman, Kennedy School of Government

5.2.5 Moreover academics considered that even the list of high-risk federal programmes that the GAO submits to Congress is not acted on properly. Institutionally antagonistic government is seen to have done its job once one branch censures another rather than when outcomes are delivered for citizens.⁶³

5.2.6 But within the context of this general critique, there was agreement that the processes for assessing government performance were improving. The Government Performance and Results Act (GPRA) passed by Congress in 1993, for example, introduced performance measures and incentives to the public sector. Although interviewees conceded that the new performance orientated structures defined by the Act did not match the systems in either the United Kingdom or New Zealand, they still set a precedent which entailed a renewed focus on improving performance.

“Even though many of the performance measures set by the federal government in the initial stages were so low that they could easily be achieved, they still exist as a baseline for improvement by government agencies and their managers”. Elaine Kamarck, Kennedy School of Government

5.2.7 Furthermore, Kamarck cites the OMB’s Programme Assessment Rating Tool (PART), which assigns scores to government programmes to rate their effectiveness as a good innovation (see box below). In addition there is the OMB’s Executive Branch Management Scorecard which rates federal government departments on a traffic lights system.⁶⁴ Third party and independent scrutiny is also seen to be effective, an example being *Governing* magazine which grades each individual state on an A to F scale in relation to infrastructure, performance and targets achieved.⁶⁵ All these measures seek to promote transparency and accountability and all are publicly available.

⁶² Robert Behn, *Rethinking democratic accountability*, (Washington, 2001), p.42

⁶³ <http://www.gao.gov/docsearch/featured/highrisk.html>

⁶⁴ <http://www.whitehouse.gov/results/agenda/FY08Q2-SCORECARD.pdf>

⁶⁵ <http://www.governing.com/gpp/2008/index.htm>

Case Study E: Programme Assessment Rating Tool (PART)

The Programme Assessment Rating Tool (PART) was developed to assess and improve programme performance so that the Federal government could better monitor outcomes. A PART review aims to identify strengths and weaknesses to inform funding and management decisions. The PART therefore looks at all factors that affect and reflect performance including purpose and design, performance measurements, evaluations, strategic planning, programme management and results. The PART includes a consistent series of analytical questions and therefore allows programmes to show improvements over time and supports comparisons between similar programmes.

PART gives programmes starred ratings with three stars indicating an effective programme and no stars indicating an ineffective programme.

Extracts from an example of a recent assessment of the National School Lunch Programme is detailed below. This programme received two stars in its 2006 assessment:

“The National School Lunch Programme is a federally-assisted meal programme operating in public and non-profit private schools. It provides nutritionally balanced, low-cost or free lunches and is intended to safeguard the health and well-being of the Nation’s children and support domestic agricultural production.

Performing

**** Moderately Effective**

- The programme has made progress in improving the nutritional content of the meals by reducing the proportion of calories from fat and saturated fat;
- The programme has implemented a series of new short-term measures focusing on meal quality and programme accountability that better track progress towards long-term goals; but
- The programme does not have a reliable measure of the level of erroneous payments it makes.

The National School Lunch Programme and the OMB are taking the following actions to improve the performance of the programme.

- Conducting a nationally representative study updating information on the nutrient content of meals; and
- Working to produce a reliable estimate of erroneous payments by 2007.”

5.2.8 The US accountability and scrutiny measures highlighted above are similar to some of the initiatives launched in Whitehall in recent years. The Prime Minister’s Delivery Unit (PMDU) established in June 2001, for example, seeks to improve the delivery of public services by collating and disseminating performance data about central government departments. The unit reports directly to the Prime Minister who sets the priorities for delivery.⁶⁶ This is something which is mirrored by the OMB’s management scorecard. Both the PMDU and OMB are examples of central government organisations that seek to bring in management best practice to ensure that government delivers on the ground.

5.2.9 In addition to national monitoring of programmes, Kamarck and Kelman consider performance targets for government departments and public sector organisations as potentially useful. Kelman asserts that they should be used as the public service’s counterpart to the profit measure in a company and a means of eliciting performance improvements rather than judging people.

⁶⁶ Michael Barber, *Instruction to Deliver, Fighting to Transform Britain’s Public Services* (London, 2007) *passim*

“It’s not just about having performance targets, but using them as a learning tool. They provide a natural experiment in evidence based delivery.

There is a false and unfortunate dichotomy between the public service ethos and performance targets. It seems that either you drive up performance by relying on the public service ethos or you rely on targets. In reality they are complementary concepts.” Steve Kelman, Kennedy School of Government

5.2.10 Elaine Kamarck also sees performance measures as a means of supporting front-line deliverers as they seek to work around overly bureaucratic traditional government organisations.

“The real impact of performance measures is to give public managers the incentives to change or to work around whatever rules impede achievement of the measure set.” Elaine Kamarck, Kennedy School of Government

5.2.11 Academics highlighted the need to align budgets with performance targets and priority areas. An example of where performance review, target setting and monitoring were effectively utilised is detailed in the box below.⁶⁷ Here strategic budgeting that matched outcome targets with funding streams was seen as a way of monitoring and ultimately improving performance.

Case Study F: Performance based budgeting in Michigan

In 2003, the newly elected Governor of Michigan, Jennifer Granholm, decided she wanted to put a greater emphasis on performance monitoring and evaluation. She started by asking the citizens of the state what their priorities were through a series of ‘town hall’ face-to-face meetings and as a result identified six cross departmental areas of concern. For each area cross agency work groups were asked to identify specific strategies through action plans and set performance indicators to measure progress.

Alongside this the Governor reviewed and assessed the current performance of all state programmes and considered which work group they fitted with. She then assigned a general fund budget cap and an overall budget cap to each work group, which were to govern all decision making. The groups found that they could not afford some programmes and were encouraged both to think creatively and look at current performance measures to focus on activities that could achieve results. Final decisions on expenditure were down to the Governor, with consultation from the work groups.

The process of review and monitoring was considered a success as it was able to align spending to local priorities.

*“Michigan’s recent movement to integrate state-wide and agency strategic planning through the Cabinet Action Plan is indeed impressive. The goals and objectives outlined in the plan are inherently results focused and include targets for future performance.”*⁶⁸ Governing Performance Project, Grading the States 2005

⁶⁷ http://www.michigan.gov/documents/A13-16_115963_7.pdf

⁶⁸ <http://www.governing.com/gpp/2005/mi.htm>

5.2.12 The Michigan case study highlighted above mirrors the efforts of other national governments around the world. In particular the Australian government between 1983 and 1996 introduced a number of innovative measures to improve performance management which were highlighted by the World Bank as examples of good practice.⁶⁹ The government introduced formal evaluation and planning for the first time, required every government programme to be evaluated at least once every three to five years and aligned objectives more closely with budgeting decisions. The introduction of Public Service Agreements and three year budgeting in the UK also reflect efforts to align budgets to performance.⁷⁰ More recently these principles have become more localised with the introduction of Local Area Agreements.⁷¹

5.2.13 There are two trends that relate to performance monitoring and evaluation in the United States and are relevant to good government models:

- **Publicly available performance ratings and target setting are seen as effective means of improving services.** US academics, in line with the UK approach of targets and league tables employed in the late 90s and 2000s, considered that the performance of state institutions could be improved through information sharing and managerialist methods; and

- **Innovative budgeting is supported at a state level.** The federalist structure that promotes policy competition and local autonomy allows individual states to experiment with new budgeting methods which align citizen priorities with the services delivered.

5.2.14 The good government model used in both cases highlighted above is modernised government since efforts are directed at making the state institutions and systems function better rather than outsourcing state functions. More than this, performance monitoring and evaluation are functions that are difficult to marketise as they involve democratically elected officials holding to account the bureaucracies of state. While external auditors and consultancies are often used to conduct independent evaluations of policy programmes, final budgeting decisions and designation of priorities are carried out by politicians.

5.3 Performance monitoring and evaluation in France

5.3.1 There was general agreement amongst academics that the French systems for monitoring and evaluation were in need of reform. Parliament's role in oversight and scrutiny of policy was considered relatively weak and performance monitoring was seen to rest primarily with individual ministries and the executive as a whole (see section 4.2 above). The President sends a *Lettre de Cadrage* (mission letter) to ministries each year setting out targets and objectives, but there are few sanctions for poor performance. So while parliament can censure the government, it has done so only once in the last 50 years.

"There is no separation between the one who designs and delivers policy and the one who evaluates it – each ministry evaluates its own work." François Lafarge, ENA

5.3.2 Even the *Cour des Comptes* (the supreme audit institution of France), which is a judicial institution and was recognised in the 2001 constitutional amendment as independent from the government, was criticised by some interviewees as focussing more on financial compliance rather than the overall policy issues. In this respect it differs from the UK model which seeks to inform policy implementation and where the control function lies with parliament.

⁶⁹ Evidence established in Keith Mackay, *How to build monitoring and evaluation systems to support better government*, (World Bank, 2007), chapter 8. See http://www.worldbank.org/ieg/ecd/docs/How_to_build_ME_gov.pdf. The report also highlights the OMB's PART assessment tool as an example of good practice

⁷⁰ http://www.hm-treasury.gov.uk/pbr_csr/psa/pbr_csr07_psaindex.cfm

⁷¹ <http://www.communities.gov.uk/localgovernment/performanceframeworkpartnerships/localareaagreements>

5.3.3 However successive French governments have sought to improve performance monitoring and evaluation. Reforms have centred mainly on implementing wider reviews of government effectiveness, increasing efficiency and ensuring strategic objective setting is utilised in the budgetary processes. The two most recent reform programmes have been:

- **2001 – Loi Organique Relative aux Lois de Finances (LOLF):** This was a constitutional by-law that involved setting performance indicators and aligning budgets with objectives; and

- **2007 – Révision Générale des Politiques Publiques (RGPP) (General Review of Public Policies):** The RGPP is driven by a desire to deliver a balanced budget by 2012 and seeks efficiency savings and a full scale review of government programmes.

5.3.4 The LOLF paved the way for wide ranging reforms of public finances and introduced managerialist methods into the state’s bureaucracies. Reforms were designed to align budgets to government objectives and user outcomes and to free up individual civil servants to take control of specific programmes. Local and central government managers were also asked to be more accountable; targets were set and performance indicators drawn up. In addition, the *Cour des Comptes* have been carrying out more performance audits, and the reforms currently being considered as part of Sarkozy’s July 2008 constitutional amendment (see para 4.2.5 above) may lead to further change. Some have suggested that one possible result would be the creation of a parliamentary committee, modelled on the UK Public Accounts Committee, to better deal with the *Cour’s* performance audit reports and therefore strengthen parliamentary accountability.

“The LOLF radically changed the budget process. Its main role was to justify public spending and each individual budget now needs targets and indicators.” Frédéric Edel, ENA

5.3.5 The reforms proposed that three broad criteria be used to measure performance: social and economic effectiveness, the quality of services provided and efficiency. Each year, managers were asked to report to ministers on progress against those criteria. Furthermore, in 2005 ‘rotating’ three month performance audits were introduced by former minister of the budget Jean-François Copé to establish even greater scrutiny. Also, some senior civil servants’ performance ratings were linked to the objectives set through the LOLF.

5.3.6 However, the LOLF did not propose targets as specific as those that were imposed in the UK in the late 1990s and 2000s. Instead there was more focus on indicators of performance. An example of the performance management tool used and sample indicators is detailed in the box below:

Case Study G: LOLF performance analysis tool

There are three lines of performance analysis:

Standpoint	Goal	Sample Goal	Sample Indicator
Citizen	Social and economic effectiveness	Health: cut breast cancer screening time	Average time elapsing before breast cancer detected
User	Quality of services provided	Police: cut police response time	Average time between police forces being alerted and their time of arrival at the scene
Taxpayer	Efficiency	Roads: reduce maintenance costs	Average maintenance cost per kilometre (A roads)

Source: http://www.minefi.gouv.fr/lolf/16_1.htm

5.3.7 The 2001 reforms were built on by President Sarkozy who in 2007 launched a government wide review: the *Révision Générale des Politiques Publiques (RGPP)* (General Review of Public Policies). This initiative was linked to a commitment by the French government to deliver a balanced budget by 2012 and much of the focus of the programme is concerned with delivering more efficient government through spending cuts and the streamlining of departments.

“France is now going through a period of change that Great Britain went through during the Thatcher years. The main driver is the idea that public administration costs too much and the government needs to reduce costs. This is the crux of the RGPP – to understand the cost and then rationalise the public administration and make it more flexible and effective.” Renaud Dorandeu, ENA

5.3.8 One of the key features of the reform programme in terms of evaluation tools was a list of seven evaluative and analytical questions. The questions aimed to facilitate a systematic analysis of government policies through a focus on outcomes and outputs and to challenge existing structures. The questions are detailed in the box below:



Source: <http://blog-pfm.imf.org/pfmblog/2008/05/frances-rvision.html>

5.3.9 There are three distinctive trends related to the 2001 and 2007 reforms that are relevant to the good government models:

• **The President has taken greater control over performance monitoring and evaluation.**

Specifically, *RGPP* reviews of performance are prepared by approximately 200 public and private auditors under the supervision of the *Comité de Suivi*. This committee is co-chaired by the Secretary General of the Elysée on behalf of the President and the Director of the Cabinet of the Prime Minister. All final decisions are taken by the *Conseil de Modernisation des Politiques Publiques*, chaired by the President. This centralisation has been counter-balanced by the 2008 proposed constitutional amendment (see section 4.2) which has given more control to parliament, however there are still questions about how well policies are scrutinised outside of the Elysée palace;

• **Best practice from industry has been employed.** The consulting-style influence is apparent in the presentation of ministries' modernisation plans and in the methodology designed for the reforms. *La Direction Générale de la Modernisation de l'Etat*, whose recently appointed director has long and senior experience with global management consultancy McKinseys, is specifically in charge of providing methodological support to audit teams and ministries; and

• **The budget has become more transparent and strategic.** Constitutional constraints may limit the government's ability to formally present a three-year budget to parliament; however, the government has repeatedly confirmed its intention to give ministers and programme managers maximum visibility on their future budgets in order to conduct reforms over the medium-term. This reform mirrors the budgeting changes that took place in the UK in the early 2000s and resulted in three year budget cycles and Public Service Agreements.⁷²

5.3.10 Although French reforms have retained the power of the central state, they have sought to modernise the central bureaucracies. The model used is therefore modernised government. Whilst there was some scepticism amongst academics about how successful the reforms would be in the long term, there was agreement that they were heading in the right direction.

5.4 Conclusion

5.4.1 Performance monitoring and evaluation in both the United States and France share similar trajectories. There is a common focus on strategic budgeting and funding following the preferences of citizens. The culture of target setting as seen in the UK in the late 90s and early 2000s is not embedded hugely in the two focus countries, although academics expressed support for methods that measure performance and set standards. However, interviewees considered that UK measures to support best practice in performance monitoring were effective, in particular US academics highlighted the success of the PMDU and French academics praised the streamlining of the UK budget under successive governments since the 80s.

5.4.2 Performance monitoring and evaluation seek to improve the performance of government structures and therefore are concerned mainly with the modernised government model. Accountability measures relating to budgets is an area where elected officials often retain as much control as possible otherwise they might be open to criticism about lack of oversight on public expenditure.

⁷² http://www.hm-treasury.gov.uk/spending_review/spend_sr04/psa/spend_sr04_psaindex.cfm

6 Lessons learned for the UK

6.1.1 This section considers:

- The overall trends and characteristics of international models of good government; and
- How, within the parameters of the UK's constitutional framework and institutional architecture, best practice from abroad might be utilised.

6.2 Overall trends in international models of good government

6.2.1 Our findings point to the fact that, despite the different constitutional and institutional nature of the focus countries, there are some areas of convergence around what government should look like in the future. **Crucially there is a view in the United States, France and the UK that good government should focus on individuals rather than institutions and bureaucracies, and that citizen voice should drive administrative structures and not the other way round.** Whether it be the re-invented government initiative in the United States, the *LOLF* in France or the transformational government agenda in the UK, good government increasingly relies on citizen engagement.⁷³ The view that the “the Gentleman in Whitehall really does know better what is good for people than the people know themselves”⁷⁴, is being replaced by an altogether different perspective. This holds not only that the public rightly expect to be engaged in the policy process but that such engagement actually enables government to make and deliver policy more effectively.

6.2.2 However within the overarching trend of making government more citizen-focused, **there are still different models and traditions of good government in different countries.** It would be wrong to consider that since there is a globalised economy with free movement of capital (and in many cases people) that all governments should seek to marketise, privatise and out-source. France still maintains a highly regulated and statist model of government, where social solidarity pervades and the state has large stakes in industries which are fully privatised in the United States and the UK. There may even be a growing willingness by governments in other parts of the world to mobilise modernised government and partnership government models where previously they have sought to privatise. The fact that the UK government has taken Railtrack and, more recently, the Northern Rock bank into public ownership, or that the US government has underwritten mortgage guarantors Fannie Mae and Freddie Mac or that New Zealand has introduced the state back into areas they had previously outsourced points to a new trajectory. So in times of crisis or where there is a perceived lack of public accountability, governments are often required to be bigger, not smaller. **So in practice there is no one model of good government, only trends and traditions.**

6.2.3 It is important to note that both American and French academics highlighted the success of UK good government initiatives. In particular, UK systems for performance monitoring and evaluation developed through three year budgeting and the Public Service Agreements were seen as effective, as was the introduction of the Prime Minister's Delivery Unit. Interviewees also viewed positively the UK National Audit Office (NAO). They considered that the NAO was supportive and had an advisory capacity which contrasted with the unhelpfully adversarial nature of the GAO or overly legalistic and regulatory nature of the *Cour des Comptes*.

⁷³ http://www.cio.gov.uk/documents/annual_report2007/tg_annual_report07.pdf

⁷⁴ Douglas Jay, *The Socialist Case* (London, 1947), p.258 – although Jay wrote this specifically for the cases of nutrition, health and education, with his general conclusion on the “gentleman in Whitehall” being exactly the opposite.

6.3 Best practice from the United States and France

6.3.1 In terms of best practice that can support good government in the UK, there were some useful examples:

• **An increase in analytical and evidence gathering capacity supports effective policy making.** Academics considered that the US had an advantage in this area in part because civil servants tended to be more specialist rather than generalist and also because of the large number of non-governmental organisations involved with policy development.⁷⁵ The wider policy community (academia, research centres, think tanks, etc.) is much larger in the US than the UK. The history of think tanks in the UK has seen particular periods where individual institutions had a critical influence (Adam Smith Institute in the 1970s; ippr in the 1990s) rather than ongoing and sustained power. Frequent calls for a ‘British Brookings’ reflect both respect for that particular institution’s policy range and authority, and also the general sense that the UK’s intellectual corpus is comparatively thin. In recent years however, the UK government and others have worked to increase capacity with the introduction of the National School of Government and the Institute of Government. It will be interesting to see if these organisations support the development of a wider evidence base for new policy initiatives which can engender consensus and therefore a greater chance of full policy implementation.

• **Policy competition encourages innovation.** A key finding from the US system is that the competitive nature of the institutional set-up means that there is often robust competition to find new solutions. Competition can often lead to innovative solutions to entrenched problems. Policy competition exists in the UK but, reflecting its political structure, to a lesser extent. However at the local authority level, individual authorities observe, examine and co-opt best practice from other authorities. Furthermore, devolution is likely to mean that policy innovation will increasingly be seen at a national level. As rival policy solutions are debated and their outcomes evaluated policy contestability is more likely to occur⁷⁶. In addition, the UK government might consider encouraging policy competitions around certain areas of public policy where there is a need for creative thinking and a new approach.

• **A mixed provision in public services does not necessarily impact on issues of equity.** The French healthcare system shows that a system that includes private providers and co-payment does not necessarily undercut social solidarity. With pressures in the UK to keep the costs down in areas such as adult social care due to changing demographics, there may be some pointers in the French system about how to share costs with individuals whilst at the same time catering for the whole population.

• **The reform process works best when there is effective public engagement.** The move towards greater personalisation in public services requires greater public engagement in public services at every step of the process – from research and policy design through to delivery and evaluation. The French experience demonstrates the necessity for public consultation and the need for the engagement of all stakeholders if the reform process is to work. Deep and effective consultation is particularly important in areas where a change in the behaviour or working conditions of a large group of people is required. This contrasts with at least the perception in the UK that consultation is often, at best, an irritating legal obligation for officials to endure or, at worse, meaningless because policy outcomes have already been determined. The challenge for policy makers, however, is to recognise that meaningful consultation is an important part of the wider move towards embedding citizen voice in policy making. Moreover, such an informed approach to policy making is arguably more likely to secure effective policy delivery as the French example demonstrates.

⁷⁵ This is a finding echoed by Ed Straw in the 2004 *Demos* pamphlet <http://www.demos.co.uk/publications/deadgen>

⁷⁶ The Welsh assembly, for example, has scrapped national curriculum tests for 11 and 14 year olds but they remain in England.

• **Rigorous performance measures sharpen policy focus and improve outcomes.** The widespread view that the UK is ‘ahead of the game’ in this area should not militate against learning from overseas practice. In the US, the role of both government scrutiny (e.g. Performance Assessment Rating Tool) and external scrutiny, (e.g. Governing magazine’s performance grading⁷⁷) may provide lessons. Similarly, the performance of the *Révision Générale des Politiques Publiques* (RGPP) (General Review of Public Policies) may prove instructive as the Operational Efficiency review commences.⁷⁸

6.3.2 Good government is changing. Although no single model has swept in to replace former orthodoxies, there are clear signs that a new set of principles is gaining wider acceptance. The old clash of political economies (collectivist state versus the free market) has been replaced by greater flexibility: a more fleet-footed approach to constructing policy solutions; a willingness to mould a more creative mix of providers (public, private and voluntary) to suit different conditions on the ground. New principles relate instead to what best enables effective policy making and delivery; they include: research and analysis to provide evidence-based rigour behind policy making; effective public engagement and consultation; hard-hitting performance measures; transparency throughout and evaluation thereafter. Further, there is increasing recognition that policy making and delivery are inextricably linked and cannot be seen as separate processes if implementation is to be successful. If good government today lacks soaring rhetoric and ideological debate, it may at least equip policy makers with the tools to bring about meaningful change and persuade many of its citizens along the way.

⁷⁷ <http://www.governing.com/gpp/2008/index.htm>

⁷⁸ http://www.hm-treasury.gov.uk/documents/public_spending_reporting/vfm/vfm_operational_efficiency.cfm

Annex A – Methodology

The methodology for this project contained five key stages:

- 1 Scope the assignment with the National Audit Office (NAO)
- 2 Design the research framework
- 3 Implement the research
- 4 Analyse and identify best practice
- 5 Report

1 Scope the assignment with the NAO

PwC met with the NAO to discuss and refine the scope of the study and our proposed methodology. The following were agreed:

- A schedule of dates for regular project review meetings with the study team;
- How we will work together over the duration of the project, including responsibilities and outputs;
- The list of questions to be answered and the associated data requirements;
- The countries that we could focus on for the desk research, in addition to the two case study countries; and
- The contents of the final report.

2 Design the research framework

We devised a research framework based on the Public Administration Select Committee (PASC) questions from their Issues and Questions Paper (see Chapter 2 for full list). From these we identified four sets of questions:

- The first set explores the definitions, measures, institutional architectures and internal government standards of good government. The answers to these questions formed the first part of our output and produced a description of the different models of good government and how they differ from and resemble the Westminster model;
- The second set of questions focuses on how policy is made and delivered, and the factors that influence this process, such as the role of civil servants and contextual or policy changes. We explored how the constitutional frameworks hinder or encourage these processes. These questions contributed to the second part of the output, looking at how the practices of the models of good government are influenced by their constitutional frameworks;
- The third set of questions considers the performance monitoring and evaluation processes of the different models of good government. Again, we explored how the nature of the democracies that use them affects the design and application of these monitoring frameworks. These questions also contributed to the second part of the output, looking at how the practices of the models of good government are influenced by their constitutional frameworks; and
- Finally, the last part of the research framework identified good practices. The findings contributed to the third section of output, looking at how these examples of good practice can be applied in the Westminster model.

Step 1. Definition, structures and standards of good government PASC questions 1-2	Purpose: understand the definition of and performance indicators for good government; understand how constitutions influence institutional architecture.
Definition <ul style="list-style-type: none"> • What is the definition of good government used by the World Bank? • How do experts in the two case study countries describe good government? • What are the good government standards used in these countries? Structures <ul style="list-style-type: none"> • What types of constitutional frameworks do the focus countries have? • What are the power, operational and accountability structures? • Are the power structures, operational structures and accountability structures balanced? • Does this structure allow each part to do its work? 	Sources of information and analysis <ul style="list-style-type: none"> • Literature review • In-country interviews • World Bank literature
Step 2. Policy making and delivery PASC questions 5-6	Purpose: Understand policy making and delivery processes and how constitutional frameworks influence the processes.
<ul style="list-style-type: none"> • How is policy or legislation made? Is it informed by current policy implementation? Could changes to the policy/legislation making process increase the likelihood of successful implementation? • Is effective policy implementation hampered by too much change? • How do changes such as new initiatives or wider structural reorganisations affect public sector workers' ability to deliver policy? • How are public sector workers incentivised to deliver policy effectively? 	Sources of information <ul style="list-style-type: none"> • Desk based review • Analysis of policy areas to track policy life cycle • In-country interviews
Step 3. Performance monitoring and evaluation PASC questions 4, 7-8	Purpose: To understand how governments monitor and evaluate their performance; to understand if and how governments improve poor performance and to consider how constitutional frameworks influence the monitoring and improvement process.
<ul style="list-style-type: none"> • What mechanisms exist for judging performance? How are targets developed? How are reviews undertaken? • What is done in the face of poor performance? 	Sources of information <ul style="list-style-type: none"> • Desk based review • In country studies, focus on two to three policy areas and discuss performance matrix and monitoring and evaluation processes.
Step 4. Best practices for UK PASC question 9	Purpose: To identify best practices of good government and consider how they can be applied to the Westminster model.

3 Implement the research

This comprised two over-lapping work streams:

- Desk review; and
- In-country research

The work streams overlap because the in-country research provided additional sources of literature which enabled us to focus the desk research more sharply.

Desk review

Our desk review was guided by the agreed research questions. We focused on a small number of policy areas in the US and France (welfare, health and education) to provide more specific evidence of how policy is made, delivered and measured. We also considered public management methods used in the focus countries and elsewhere. This approach was framed by the questions from steps 3 and 4 of the research framework (above). We assessed the underlying causes of the improvements in specific examples and used this to directly address the issue of what can we learn about good government from cases where government has got it right.

In-country research

We conducted a series of one-to-one interviews with leading academics at the Kennedy School of Government and the *Ecole Nationale d'Administration (ENA)*. The list of the experts interviewed is detailed below:

Interviewees from the John F. Kennedy School of Government

- Linda Bilmes, Lecturer in Public Policy
- Akash Deep, Senior Lecturer in Public Policy
- Elaine Kamarck, Lecturer in Public Policy
- Steve Kelman, Weatherhead Professor of Public Management
- Jeffrey Liebman, Malcolm Wiener Professor of Public Policy
- Pippa Norris, Paul. F. McGuire Lecturer in Comparative Politics

Interviewees from L'Ecole Nationale d'Administration (ENA)

- Renaud Dorandeu, Director of Studies
- Lucile Drome-North, Assistant Director of Professional Studies,
- Frédéric Edel, Assistant Editor of the *Revue Française d'Administration Publique* and researcher for the Centre of Expertise and Administrative Research (CERA), at the Department of Professional Studies and Research
- François Lafarge, Assistant Editor of the *Revue Française d'Administration Publique* and Researcher of the Centre of Expertise and Administrative Research (CERA), at the Department of Professional Studies and Research
- Eric Meisse, Consultant, Centre of Expertise and Administrative Research (CERA), at the Department of Professional Studies and Research

Based on the findings from the desk review and the research framework we developed interview tools to frame our discussions with experts and other stakeholders in the focus countries. These interviews provided a further collection of literature on specific topics.

4 Analyse and identify best practice

A range of data was collected from the two principal evidence bases: the desk research and interviews. We collated and analysed the material with respect to the agreed list of questions. This was a dynamic process in two respects. The research led to further research and interviewees suggested further reading and specific ideas. Also, the team met regularly to compare findings with systems and practice in the UK in order to draw comparisons and pinpoint international best practice.

5 Report

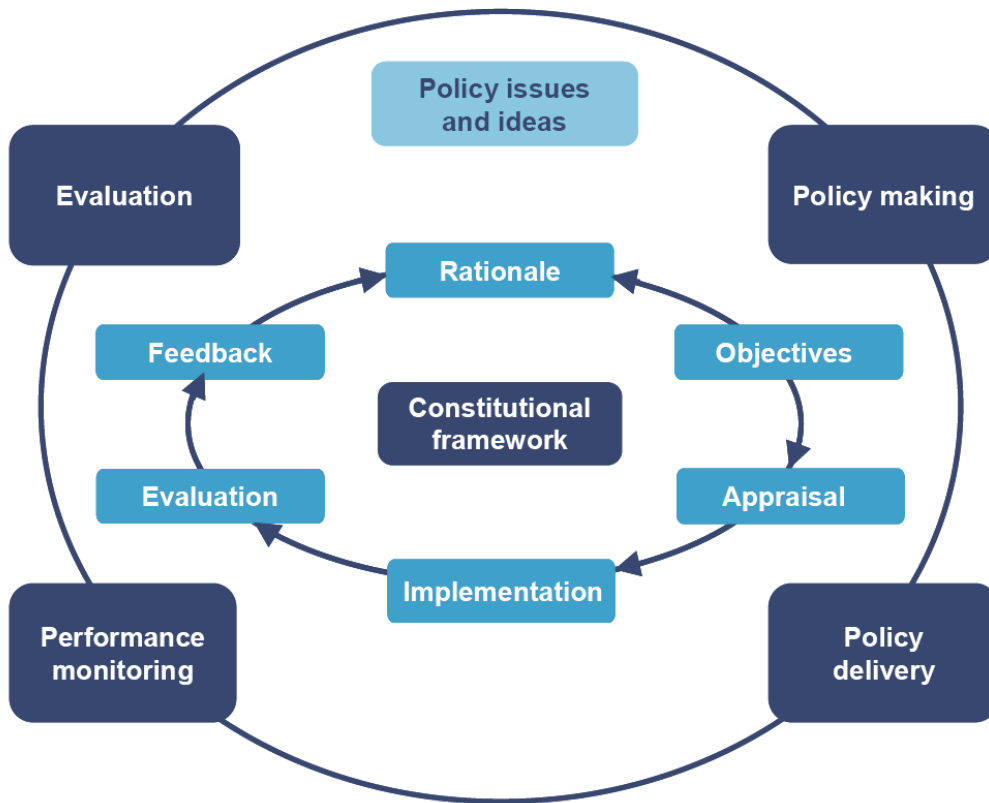
We reported the findings of our research and our analysis as follows:

Draft report. On 19th August we submitted to the NAO study team a draft report of our findings which highlighted key points and allowed for open debate and discussion. We then took feedback on the findings and deliverables and produced the final report for the agreed deadline.

Final report. Our report was presented to the NAO on the 5th September and included:

- An executive summary setting out overall conclusions in plain English; and
- A summary table, giving an overview of the findings as they relate to some of the questions being considered by the select committee, clearly referencing the material in the study to these questions.

Annex B – Policy lifecycle ⁷⁹



⁷⁹ PricewaterhouseCoopers, www.pwc.co.uk

Annex C – Constitutional and institutional structures of the United States, France and the United Kingdom

Constitutional Framework	The United States	France	The United Kingdom
	<p>The constitution of the United States (ratified in 1788) defines a federal system of government in which certain powers are delegated to the national government and others are reserved to the states. The national government consists of executive, legislative, and judicial branches that are designed to ensure, through the separation of powers and checks and balances, that no one branch of government is able to subordinate the other two branches.</p>	<p>The new constitution of the Fifth Republic was established in 1958 by President Charles de Gaulle and aimed to achieve the political stability that was previously absent. The constitution adopted a 'semi-presidential' form of government, combining elements of both the parliamentary and presidential system. Constitutional amendments are usually approved by referendum, particularly in relation to the acceptance or otherwise of EU treaties. In 2008 President Nicolas Sarkozy won approval from the parliament to re-write the constitution. His aims were to increase the accountability of government and to drive through his reform agenda.</p>	<p>The UK has no single constitutional document comparable to the American or French constitutions. However the majority of the British constitution does exist in the form of written parliamentary statutes, court judgements and European treaties. There are also a comparably high number of unwritten constitutional conventions e.g. parliament will not debate the Monarchy without the Monarch's consent. The guiding principle of the UK constitution is that of the sovereignty of parliament and the statutes passed by parliament are therefore the supreme and final source of law. Some argue though that European treaties have complicated this.</p>

	The United States	France	The United Kingdom
<p>Central Government Structure</p>	<p>The executive branch is led by the President who is elected through the electoral college. The president is supported by a cabinet and sub-cabinet organisations such as the Office of Management and Budget (OMB), the Council of Economic Advisers and the National Security Council. As commander-in-chief the President mainly has control over foreign affairs. Congress consists of two chambers, the House of Representatives (the lower house whose membership is adjusted for population changes) and the Senate (the upper house consisting of 100 members, two from each state.) Congress's main role is to write the United States Budget.</p>	<p>The French parliament is a bicameral legislature composed of elected members of the National Assembly (the lower house with 577 members) and the Senate (the upper house with 341 members). The president is elected separately and operates as head of state. The constitution gives the president the power to appoint the prime minister, who oversees the execution of legislation. The president also appoints the Council of Ministers, or cabinet. The French system often leads to divided government. From 1986, except for two years between 1993 and 1995, France experienced a form of divided government known as 'cohabitation', in which the president and the prime minister belonged to different parties.</p>	<p>The position of Prime Minister, the UK's head of government, belongs to the Member of Parliament who can obtain the confidence of a majority in the House of Commons, usually the current leader of the largest political party. Although the Prime Minister and Cabinet are formally appointed by the Monarch to form Her/His Majesty's Government, in reality the Prime Minister determines the membership of the Cabinet.</p> <p>Parliament is the ultimate legislative authority and membership is based on a single-member constituency system. Members of Parliament (MPs) are elected through the first-past-the-post method and there are currently 646 MPs. The House of Lords is the upper chamber which is mostly filled with appointees of the political parties. Although the Lords does have the power of scrutiny, the primacy of the Commons is ensured through the Parliament Acts of 1911 and 1949 which demand that the Lords pass government bills after the third reading</p>
<p>Local Government Structure</p>	<p>The governments of the 50 states have structures closely mirroring those of the federal government. Each state has a governor, a legislature, and a judiciary and each state also has its own constitution. Only Nebraska is unicameral. The constitution allows for considerable powers to be exercised at a state level but there are also areas of overlap such as taxes and law enforcement and creation.</p>	<p>The French system hosts a dense network of local and regional institutions. The units of local government are the <i>régions</i>, the <i>départments</i> and the <i>communes</i>. The major force for decentralisation has been the devolution of power to the 22 <i>régions</i>. The <i>communes</i>, the smallest unit of local government, also include mayors who have become more powerful recently.</p>	<p>Northern Ireland, Scotland and Wales each has a devolved, unicameral legislature and its own government or Executive, led by a First Minister. Different powers are devolved to the different countries, with the Scottish parliament having more control over fiscal policy than the other two chambers. In addition London has a directly elected mayor and some local authority regions also have mayors. Local government in the UK is complex and is dependent on local context and tradition. Local authority regions host directly elected councillors but some areas have more tiers of government than others (e.g. there are unitary, county, district, parish and town councils in different parts of the country).</p>

<p>Scrutiny and oversight</p>	<p>The United States</p> <p>As a protection against tyranny, checks and balances in the constitution were designed to ensure that no one branch of government could dominate another. Scrutiny is therefore carried out between the branches of government (e.g. the President can veto Congress's budget but Congress can withhold spending for the military if the President wants to go to war.) In addition congressional hearings are the main tool that the legislature uses to hold government to account. A hearing is a meeting or session of a Senate, House, Joint, or Special Committee of Congress, usually open to the public, to obtain information and opinions on proposed legislation, conduct an investigation, or evaluate/oversee the activities of a government department or the implementation of a Federal law. In addition, hearings may also be purely exploratory in nature, providing testimony and data about topics of current interest. There is also the Government Accountability Office (GAO) which reports to congress, the Office of Management and Budget (OMB) which supports accountability in the executive branch and Inspectors General who conduct investigations to ensure probity in government.</p>	<p>France</p> <p>Parliamentary control over the government can be exercised, but it is less intense than in the UK system. There are questions to ministers challenging various aspects of performance, but these take place infrequently and committee inquiries are also relatively rare. The National Assembly, however, does have the right to censure the government, but, in order to avoid the excesses that occurred before 1958 (as a result of which governments regularly fell) only once in the first 50 years of the Fifth Republic, in 1962, did the National Assembly pass a motion of censure. The government is also strengthened by its constitutional power to ask for a vote of confidence on its general policy or on a bill. In the latter case a bill is considered adopted unless a motion of censure has obtained an absolute majority.</p>	<p>The United Kingdom</p> <p>Although in theory any member of parliament can introduce legislation, in practice government bills dominate proceedings. Equally, despite the fact that there are a number of scrutiny processes in each house (e.g. there are three readings of each government bill, the first two followed by parliamentary consultation and proposed amendments), Government bills rarely fail.</p> <p>There are also parliamentary select committees which can conduct enquiries into various aspects of public policy and often ask government ministers to submit oral evidence.⁸⁰ In addition, Tony Blair set the precedent for Prime Ministers to submit oral evidence to the Liaison Committee.</p> <p>In terms of scrutiny institutions, the Cabinet Office and more recently the Prime Minister's Delivery Unit are responsible for ensuring outcomes across government. The Treasury, through Public Service Agreements, also plays a role in ensuring government departments are delivering as intended.</p>
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⁸⁰ http://www.parliament.uk/parliamentary_committees/parliamentary_committees16.cfm

Standards in public life	The United States	France	The United Kingdom
	<p>The Federal Election Commission which ensures probity in the funding of political parties is complemented by ethics committees for each branch of government which advise on ethical issues for public servants.⁸¹ These committees are also replicated at state level in most cases. The US Department of Justice – Public Integrity Section is responsible for prosecuting misconduct amongst federal employees and the appropriate US Attorney’s Office is responsible at a state level.</p>	<p>France has a permanent anti-corruption investigation commission to explore ethical breaches by public servants and there is also an established legal framework for the standards of behaviour expected of public servants in the form of general acts on civil service. A code of conduct for civil servants is complemented by guidance for particular sectors such as Agriculture and Transport.</p>	<p>The Committee on Standards in Public Life, set up in 1994 by the Major government, is an independent standing committee that looks into general standards for MPs.⁸² In the House of Commons there is also a code of conduct which is backed up by the Parliamentary Commissioner for Standards and the Committee on Standards and Privileges. MPs are required to register a wide range of financial interests they may have which are relevant to their parliamentary work. There is also the Civil Service Code which sets out the terms and conditions of employment of every civil servant.</p>

⁸¹ The United States Office of Government Ethics (executive branch) <http://www.usoge.gov/home.html>, the US Senate Select Committee on Ethics <http://ethics.senate.gov/>, the Committee on Standards of Official Conduct (house) <http://ethics.house.gov/> and the Judicial Conference Committee on Codes of Conduct <http://www.uscourts.gov/>

⁸² <http://www.public-standards.gov.uk/>

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