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# **The Prime Minister's Strategy Unit (SU)**

Briefing  
*Winter 2002*



## Summary

This short briefing note:

- describes the new Strategy Unit which has merged the Performance and Innovation Unit (PIU), the Prime Minister's Forward Strategy Unit (FSU) and parts of the Centre for Management and Policy Studies (CMPS);
- explains the rationale for strategic policy-making at the centre of the UK government;
- describes how and why the PIU, FSU and SU were set up;
- summarises the projects they have carried out, and their impact; and
- gives details of the current work programme.

## The Strategy Unit

In June 2002 Sir Andrew Turnbull announced plans to clarify and simplify organisational arrangements in Government, in advance of taking up his post as Cabinet Secretary in September 2002. Amongst other changes, he announced the aim of providing a clear focus for strategy work at the centre of Government by merging the Performance and Innovation Unit with the Prime Minister's Forward Strategy Unit, and parts of the Centre for Management and Policy Studies, into a single Strategy Unit.

The new Strategy Unit will carry out long-term strategic reviews and policy analysis which can take several forms:

- long-term strategic reviews of major areas of policy;
- studies of cross-cutting policy issues;
- strategic audit; and
- working with departments to promote strategic thinking and improve policy making across Whitehall.

The Strategy Unit will report directly to the Prime Minister through the Cabinet Secretary.

The following pages set out the history, achievements and current work of the Strategy Unit.



## The Performance and Innovation Unit

The Performance and Innovation Unit was set up by Sir Richard Wilson, the Cabinet Secretary, in the second half of 1998. Senior officials and ministers, including the Prime Minister, believed that Government needed to rebuild its capacity to do long-term thinking and strategic policy work. There was also a need for better ways to tackle issues that cut across departmental boundaries.

The unit's first director was Suma Chakrabarti (now Permanent Secretary at the Department for International Development). Its first projects covered topics including e-commerce, the rural economy and the future role of Government regional offices. Geoff Mulgan took over as Director in 2000.

The PIU's design built on lessons learnt from similar bodies in the UK and abroad, as well as early lessons from the Social Exclusion Unit, which was set up at the end of 1997.

In the past many different models of strategic policy making have been used in the UK and elsewhere. The closest previous equivalent to the PIU was the Central Policy Review Staff (CPRS) which was established by Edward Heath in 1970, and which continued in existence under Prime Ministers Harold Wilson, Jim Callaghan and Margaret Thatcher. This brought together civil servants and secondees from outside Government to review policy on issues ranging from the future of the motor industry to energy efficiency.

In other countries a wide range of different models are used for strategic policy work. Many maintain very substantial policy staffs within Prime Ministerial offices. Others follow a similar approach to France, which complements a strong in-house capacity with think-tanks such as the Commissariat General du Plan and the Conseil d'Analyse Economique.

The PIU drew on the best features of these different models to ensure that it complemented the day-to-day work carried out by other parts of the centre of Government:

- the unit's work has consisted primarily of time-limited projects, with teams given the time and space to develop forward-looking policies rather than reacting to short-term pressures;
- the unit has been staffed with a roughly equal mix of civil servants and non-civil servants;
- there has been an emphasis on analytical rigour and analytically driven solutions;



- most projects have had a sponsor Minister to act as a sounding board and give political steers;
- project teams generally included civil servants from the departments which will take responsibility for implementation;
- the unit has taken an open and outward looking approach, engaging with stakeholders inside and outside Government. It has been receptive to new ideas for improving policies and services, and publishes much of its work on the web;
- a majority of reports have been published as statements of Government policy with clear indications of how conclusions will be taken forward and on what time-scale; and
- a significant number of projects were designed to tie in with spending reviews run by the Treasury.

The PIU has been based in the Cabinet Office, reporting to the Prime Minister through the Cabinet Secretary, and overseen by a steering board including No.10, Cabinet Office and Treasury. Much of the unit's work was initiated from No 10. However many proposals for projects came from other departments, and some were carried out jointly with departments. About half of the projects currently underway were initiated by departments. In addition, some reports are also published through departments (for example the PIU's work on migration was published by the Home Office).

### **What has been achieved**

The PIU's work has covered a very wide range of policy areas. These include e-commerce, rural policy, the future of the Post Office, recovery of criminal assets, adoption, e-government, trade policy, migration, global health, resource productivity and workforce development.

There have also been a number of reports on modernising central Government - *Adding it up* (on the use of modelling and other methods), *Wiring it up* (on better mechanisms for joined-up Government) and *Reaching out* (on Government's presence in the regions and localities). There have also been a number of shorter projects on topics including delivery and social mobility. A recent example was a review of the implications of 'social capital' for government policy. A full list of published documents can be found at the end of this briefing.



These reports have had a significant and practical impact and most of their conclusions have been put into effect. Examples include:

- the establishment of a new agency to recover criminal assets (Proceeds of Crime Act 2002);
- new legislation on adoption (Adoption and Children Bill currently going through Parliament);
- establishment and subsequent strengthening of the e-Envoy's office and strategy for e-commerce
- the Government-wide strategy for e-government which has put the UK amongst the top 5 governments worldwide;
- a changed approach to migration;
- establishment of the Experience Corps and other measures to increase labour market participation by the over-50s which have contributed to a significant turnaround;
- detailed design work contributing to the establishment by the United Nations of a global fund for HIV, TB and Malaria;
- the reshaping of Government regional offices and the establishment of the Regional Coordination Unit;
- the establishment of over a dozen pooled budgets and several dozen shared PSA targets as a result of *Wiring it up*;
- the establishment of the delivery unit in No.10 (drawing on the PIU work on *Better Policy Design and Delivery*);
- the establishment of universal banking services and associated changes to the Post Office network;
- the allocation of £100m to support renewable energy in the autumn of 2001 and a strategy for building up the renewable energy industry, and defining a new approach to energy policy;
- the creation of at least 250,000 new childcare places by 2005/06 and the establishment of new children's centres to provide childcare, family support and health services in one centre;
- the development of a radical new 'demand-led' strategic framework for Government policy on workforce development.



In addition, a number of reports which were not published as statements of Government policy have nevertheless had a substantial impact in shaping the Government's agenda. One example is the report on rural economies, which prepared the way for the approach now being taken by DEFRA in the wake of foot and mouth disease, and for the conclusions of the Policy Commission on Farming and Food in January 2002. Other examples include the work on social mobility, leadership and customer satisfaction in public services. Copies of all past PIU reports can be downloaded from the website.

A comprehensive paper listing the impacts of past reviews is regularly updated on the SU website.

## **Current work**

Current projects include the following (working papers and project plans can be found on the website):

- ethnic minorities and labour market (team leader Shamit Sagar)
- strategic futures (team leader Suzy Walton)
- GM crops (team leader Ian Coates)
- alcohol harm reduction (team leader Carol Sweetenham)

## **The Prime Minister's Forward Strategy Unit**

In the summer of 2001 the PIU was joined by a sister unit – the Prime Minister's Forward Strategy Unit. The Prime Minister was keen to build on the PIU's successful track record by extending its approach. The FSU provided a complementary capacity for doing more private work, generally working bilaterally with departments rather than on cross-cutting issues, and reporting directly to the Prime Minister and Secretaries of States.

The FSU used very similar working methods to the PIU, but also involved external independent advisers on some projects. These included Lord Birt, Adair Turner, Penny Hughes, Arnab Banerji and Nick Lovegrove. Examples of recent work include a strategic review of long-term options for transport policy, and work on the future supply of health care (a complementary review to the work led by Derek Wanless on demand for health).

Geoff Mulgan was director of both units and is the director of the new Strategy Unit. He is supported by a shared senior management team of Jamie Rentoul, Stephen Aldridge, Catriona Laing, Patricia Greer, Sarah Graham and Sue Duncan, who is also head of Government Social Research.



## **The Centre for Management and Policy Studies**

The CMPS was set up in 1998 to provide a focus for civil service training and policy studies.

The Policy Studies Directorate within CMPS covered work on best practice in policy making; evaluation; knowledge management and knowledge pools. It has also co-ordinated a network of policy makers and provides advice and consultancy across government, and runs the on-line Policy Hub which provides access to a wide range of materials on different policy areas. These parts of CMPS have now been incorporated into the Strategy Unit.

### **People**

The staff of the Strategy Unit totals between 80 and 100 people at any one time. They come from a very wide range of backgrounds including all major Government departments (including the devolved administrations); businesses ranging from Ford and Glaxo to KPMG and McKinseys; other parts of the public sector, such as the Financial Services Authority and the Welsh Development Agency; voluntary sector bodies such as the Kids Club Network and Age Concern; universities such as Newcastle, Warwick, Harvard and LSE; think-tanks such as the Institute of Economic Affairs and the Institute of Public Policy Research; other governments around the world, including Germany, the United States, Canada, Australia and France.



## The approach of the SU

The work of the unit has been grounded in a distinctive approach to policy work. This includes:

- a strong focus on evidence-based policy and analytical rigour. Most projects began with thorough examination of statistical trends, causal relationships, evidence of what works, lessons to be learnt from UK and overseas experience, as well as evidence of public concerns and needs.
- a strong emphasis on creativity and challenging conventional wisdom. The presence of significant numbers of people from a wide range of backgrounds helped in this respect.
- a cross-departmental approach. Much of the work of the two units involved bringing together teams from different departments and helping to broker agreement.
- ensuring effective implementation. All PIU reports that were published as statements of future Government policy set out how conclusions will be taken forward, by who, and to what time-scale. Subsequently, Ministers regularly reported back to the Prime Minister on progress. In some cases the PIU also runs parallel teams with departments to ensure a smooth hand-over process.
- futures work. Extensive use has been made of modelling, forecasting and scenarios, to ensure that Government is better prepared for the impact of long-run trends as well as short-term shocks, and to test the robustness of policies in the light of different futures. A small strategic futures team has helped to coordinate the Strategic Futures Group which brings together the strategy and forward planning units from all Government departments and from the devolved administrations. The team has undertaken work on future challenges; advised government on methods for futures work; and run seminars on a very wide range of topics – examples include the future structures of central governments; risk; transport; electronic networks. Presentations and issues papers from these seminars can be found on the SU website, along with a report mapping lessons to be learnt from futures work around the world.

*For further information and updates please check the SU website:*  
[www.strategy.gov.uk](http://www.strategy.gov.uk)



## **Published PIU/SU reports**

Game Plan: A strategy for delivering Government's sport and physical activity objectives (December 2002)

Electronic Networks: Challenges for the Next Decade (December 2002)

Delivering for Children and Families: The Inter-Departmental Childcare Review (November 2002)

In Demand: Adult Skills in the 21st Century - Part 2 (November 2002)

Waste Not, Want Not: A Strategy for Tackling the Waste Problem (November 2002)

Risk: Improving Government's Capability to Handle Risk and Uncertainty (November 2002)

Private Action, Public Benefit: A review of charities and the wider not-for-profit sector (September 2002)

Privacy and Data Sharing (April 2002)

Modernising Government Loans (March 2002)

The Energy Review (February 2002)

In Demand: Adult Skills for the 21<sup>st</sup> Century (November 2001)

Resource Productivity: Making More with Less (November 2001)

Renewable Energy in the UK: Building for the Future of the Environment (November 2001)

Tackling the Diseases of Poverty (May 2001)

Strengthening Leadership in the Public Sector (March 2001)

Rights of Exchange: Social, Health, Environment and Trade Objectives On The Global Scale (Sept 2000)

e.Gov: Electronic Government Services for the 21st Century (Sept 2000)

Prime Minister's Review of Adoption (July 2000)

Counter Revolution: Modernising the Post Office Network (June 2000)



Recovering the Proceeds of Crime (June 2000)

Winning the Generation Game (April 2000)

Reaching Out: the Role of Central Government at Regional and Local Level  
(Feb 2000)

Adding It Up: Improving Analysis & Modelling in Central Government (Jan  
2000)

Wiring It Up (Jan 2000)

e-commerce@its.best.uk (Sept 1999)

Rural Economies (Dec 1999)

Encryption and Law Enforcement (May 1999)

### **Selected short projects and analytical papers**

Creating Public Value (November 2002)

Waste: analytical review (September 2002)

Geographical mobility (July 2002)

Social capital (April 2002)

Ethnic minorities and the labour market: analytical review (February 2002)

Satisfaction in public services (November 2001)

Benchmarking UK strategic futures work (June 2001)

Social mobility (April 2001)

Migration: an economic and social analysis: a research study produced with the  
Home Office (January 2001).

Better policy delivery and design (December 2000)

