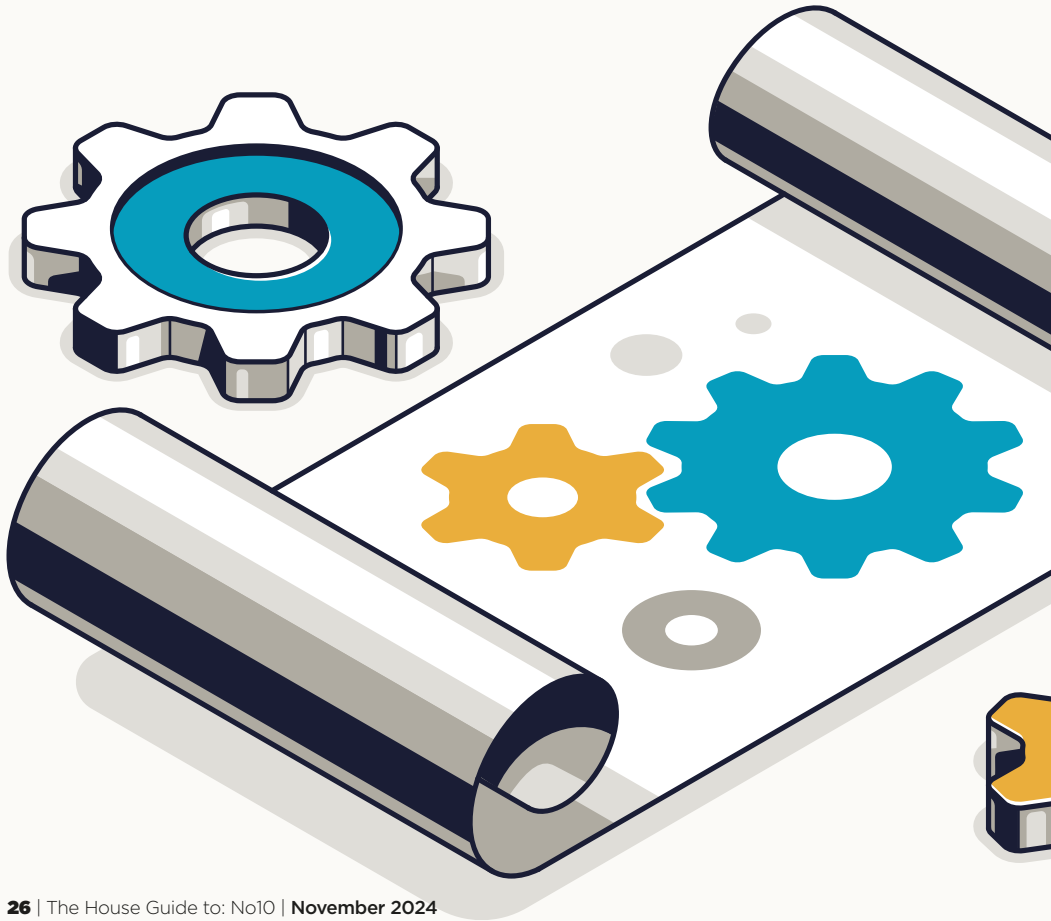


Oiling the machine



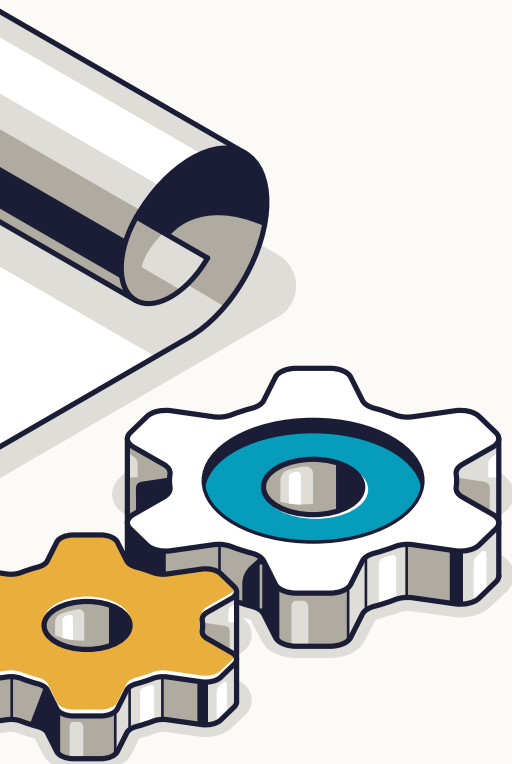
The Policy Unit provides prime ministers with crucial advice on the direction of departmental policy. **Will Tanner**, former chief of staff at No 10, argues it would be perilous for Keir Starmer to ignore its value, while **Dr Michelle Clement**, Downing Street's researcher in residence, provides us with a history of its 50 years

Harold Wilson may have held many regrets about his first period in Downing Street between 1964 and 1970, but his biggest, confided on the eve of his 1974 victory, was that "I didn't have my own independent policy advisers in No 10."

The Policy Unit was, and remains, a response to a paradox at the heart of Britain's state machinery. While the prime minister constitutionally exercises authority over all of Whitehall, Downing Street has historically lacked the resources needed to exercise that power directly. The "PU", as it is known, addresses this imbalance. By giving the prime minister a phalanx of advisers committed to his or her strategic priorities, mostly drawn from outside the mandarinat, it fills what John Hunt, Wilson's cabinet secretary, called "the hole in the centre".

Though it has grown over the past fifty years, the Policy Unit today still comprises fewer than thirty special advisers and junior Whitehall officials. This little platoon tends to be most effective when it acts as both the prime minister's "eyes and ears", to borrow Wilson's phrase, and what Sarah Hogg, John Major's policy chief, termed "the grit and oil in the government machine." In other words, the Policy Unit works best by offering the prime minister unvarnished intelligence and advice about the direction of departmental policy, while giving Whitehall strategic clarity about what the prime minister wants or doesn't want.

It is doubtful, for example, whether Margaret Thatcher's war on the unions or Geoffrey Howe's 1981 Budget would have been as decisive had the acerbic memos of her Policy Unit chief, John Hoskyns, not repeatedly upbraided the hesitancy of the Civil Service. Likewise, Tony Blair's revolution in public services might not have been as radical had Andrew Adonis not been driving it from the centre. In my own stints there,



it was my Policy Unit colleagues who overcame departmental resistance, shifting policy towards technical skills and intraregional transport, for example, and away from low-value degrees and the exorbitant waste of HS2.

In the anatomy of No 10, the Prime Minister's Private Office acts like a central nervous system, transmitting information synaptically across Whitehall and, during dysfunction, creating capacity for paralysis. The political team, meanwhile, tends to act as No 10's brain: rationalising policy, anticipating criticism and analysing Parliament. It is in the Policy Unit that you will find the ideological heartbeat of a No 10 operation, and the truest representation of the prime minister's instincts. This was true under Hoskyns, Hogg and Adonis, but also holds for James O'Shaughnessy, Munira Mirza and Eleanor Shawcross' respective stints running the unit under Cameron, Johnson and Sunak.

Inevitably, ideological proximity brings vulnerability as well as strength. When the Prime Minister disagrees with a secretary of state or urges a new direction, the Policy Unit becomes a lightning rod for any reaction. It is easier to brief against defenceless officials or



For such a vital part of the Downing Street operation, the Policy Unit is somewhat aloof from the rest of the building. Inauspiciously housed on the second floor, in a cramped warren of former bedrooms, it is oblivious to much of the chaotic day-to-day of No 10. This has advantages, in that it encourages longer term, less reactive policymaking. But distance comes at a cost in a building where proximity and information flows matter. This is why I always favoured bringing the PU downstairs to the open plan office overlooking No 9.

Excluding the Policy Unit from decision making can spell disaster. When Liz Truss became prime minister, she not only moved the Policy Unit wholesale into the Cabinet Office but also excluding its advisers from key measures in the mini-Budget. Whether Policy Unit advice would have tempered the hubris of that devastating fiscal event, one cannot say, but by cutting it out, she sidelined one of the few parts of Whitehall capable of assessing the combined fiscal, market and political risks that cost her the job.

This is a lesson that Keir Starmer would do well to heed. While much of the blame for the first 100 days has been directed at Sue Gray, at least some of the errors reflect an underpowered Policy Unit, with fewer external appointees and less access to the Prime Minister. In

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meddling advisers in Downing Street than the prime minister directly. The corporatist Jim Prior, for example, resented John Hoskyns' influence over Thatcher's union policy. Yet with few, if any, formal levers over departments, it is rarely wise for the Policy Unit to rise to antagonism. Like the rest of No 10, the Policy Unit does not trade in hard power but through goodwill and persuasion.

an echo of Truss' mini-Budget, it is rumoured in Whitehall that the Policy Unit was sidelined from both Reeves' decision to cut Winter Fuel Payments and Peter Kyle's ill-considered decision to cancel AI supercomputer funding. If either is true, the subsequent fallout should prove instructive.

There is, however, cause for optimism. The internal reshuffle that followed Sue Gray's departure led to the promotion of the superb Nin Pandit, my Civil Service opposite number when I ran the unit as the prime minister's principal

private secretary. Making the same journey from the second floor to the outer office as her predecessor, Elizabeth Perelman, Pandit knows firsthand the critical role of the Policy Unit and how to use it effectively. If Starmer trusts in that judgement, he can be sure of one thing: he will not leave No 10 with the same regret as Harold Wilson half a century ago.

Will Tanner served as deputy chief of staff to the former prime minister, Rishi Sunak. He is the founder of Onward

50 years of the No 10 Policy Unit

The Downing Street Policy Unit has been part of the inner workings of British government for half a century. Also referred to as the No 10 Policy Unit, it was created by former prime minister Harold Wilson in March 1974.^[i] All successive prime ministers have retained the unit, adapting it to fit the needs of their government.

But why does a prime minister need a Policy Unit?

Unlike secretaries of state, a prime minister does not have a formal department. The machinery of government available to support them is small in terms of staff numbers compared to many government departments. Indeed, during Wilson's first premiership between 1964 and 1970, he recognised the issue of "the hole in the centre" (a quote attributed to his cabinet secretary John Hunt), as did his successor Edward Heath.^[ii] With the creation of the welfare state, along with technological and societal changes, the role of the prime minister and functions of government had grown and become more

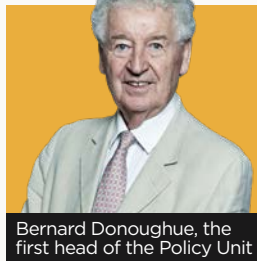
complex. However, the "hidden wiring" of government had not caught up.^[iii] The advent of the Policy Unit therefore enhanced a prime minister's ability to access alternative policy advice, which was both politically attuned and responsive to the urgent and the important issues of the day.

In establishing the unit, Wilson was partially implementing a recommendation of the

1968 Fulton Report on the Civil Service, which advocated for the introduction of planning units.^[iv]

He intended for the Policy Unit to serve as a new source of politically aligned policy analysis on short- to medium-term issues, complementing and counterbalancing the politically impartial policy advice provided by the

Civil Service.^[v] The first head of the Policy Unit, academic Bernard Donoghue, retells the story of Wilson asking him to take on this new role in his autobiography, *The Heat of the Kitchen*. The prime minister was clear about the new unit's



Bernard Donoghue, the first head of the Policy Unit



objectives; he wanted it to be his “eyes and ears in Whitehall”.^[vi] Donoughue set about staffing the unit with external recruits from outside of the Civil Service, including from academia.^[vii]

Wilson’s Policy Unit was part of a broader framework for alternative policy provision. It sat alongside the Central Policy Review Staff (CPRS), an innovation introduced in 1970 by

Peter Hennessy.^[xii] It grew into a group of experts who shadowed key policy areas within Whitehall departments. There were several unit heads during Thatcher’s lengthy tenure, including businessman John Hoskyns, journalist and novelist Ferdinand Mount, merchant banker-turned-politician John Redwood and, finally, academic and economist Brian Griffiths. When

Thatcher disbanded the CPRS in 1983, some of the staff joined the Policy Unit.^[xiii] Then Policy Unit member David Willetts

“Under Thatcher, the Policy Unit functioned as ‘a kind of special forces little platoon, on economic and industrial issues’”

Wilson’s predecessor, Heath, to act as a “think tank of sorts”.^[viii] As ever, the geography of power had a part to play in the influence of central units. While the Policy Unit provided short- to medium-term policy analysis to the prime minister from within No 10, the CPRS offered longer-term policy advice to both the prime minister and ministers from the Cabinet Office next door. Wilson’s biographer Ben Pimlott reflected that “Wilson was happiest when he felt that advice was reaching him from different angles.”^[ix] But as Wilson’s period in office looked to be ending, Donoughue wrote in his diary, “I wonder what will happen to the Policy Unit.”^[x] As it was, Wilson’s successor, James Callaghan, kept the unit. But how would it fair under a government of a different political hue?

Margaret Thatcher made use of the No 10 Policy Unit throughout her premiership. A note written on 9 May 1979 by civil servant Kenneth Stowe, the principal private secretary to the prime minister, outlined the unit’s intended purpose under the new government. The unit’s task would be to assist the prime minister in “developing and maintaining the strategic policies of the Government, with a view to achieving its long-term objectives.”^[xi]

Under Thatcher, the unit functioned as “a kind of special forces little platoon, on economic and industrial issues,” according to historian

recorded seven functions the unit served in this period.^[xiv] These were:

- being “a small creative think tank”
- providing policy advice on papers from departments put to the prime minister
- creating reports on progress of policy development
- considering issues less likely to be raised by inter-departmental machinery
- fostering good relations between departments and No 10 to focus on critical issues
- offering a “non-Whitehall” policy perspective to the prime minister
- acting as a “grand suggestions box” for the prime minister, drawing on ideas from universities and within the Civil Service

Thatcher herself reflected that “the value of the Unit... lies in its flexibility and involvement in day-to-day policy matters, on the basis of close collaboration with the Prime Minister.”^[xv]

The Policy Unit under John Major was initially headed by Sarah Hogg, an economic journalist, who became the first woman to hold the position. Hogg was an influential and close adviser to Major. During her tenure, the unit provided policy advice on the economy, Europe and social policy.^[xvi] Major described her as someone “respected by Civil Service mandarins and by politicians – a double not easily achieved.”^[xvii] For Hogg, the function of

the unit under Major was “to keep the Prime Minister in touch with outside thinking, to work on his own ideas to act as a sounding board for ministers, advising on the flow of proposals and counter-proposals that pour in continuously from all around Whitehall.”^[xviii] In practice, Hogg said the unit tried to provide both “grit and oil in the government machine.”^[xix] Hogg was succeeded by management consultant, Norman Blackwell. Like his predecessors, Major found the unit to be a valuable source of brain power for developing his domestic policy objectives.^[xx]

Upon taking office in 1997, Tony Blair retained the No 10 Policy Unit while also introducing several new units at the centre of government. The first head of Blair’s Policy Unit was David Miliband, who had previously worked as a policy analyst at a think tank. In 2001, Andrew Adonis, an existing member of the unit, succeeded Miliband as head of policy.

At this point, the Blair government experimented with merging the Policy Unit and the Prime Minister’s Private Office to form the Policy Directorate. This new body was to focus on day-to-day priorities and short-term policy advice, with the prime minister’s principal private secretary, Jeremy Heywood, at the helm. This change was intended to promote greater cohesion within No 10, but the longstanding functions of the Policy Unit and the Prime Minister’s Private Office continued.

Adonis was succeeded by Geoff Mulgan, an established key figure in the Blair government who also led the Strategy Unit at the time. Blair’s final head of policy (and strategy) was management consultant David Bennett. Blair later reflected on his motives for machinery of government changes at the centre: “In Downing Street, I formed a Delivery Unit, Policy Unit and Strategy Unit, staffed largely by outsiders and charged specifically with trying to learn the lessons of change.”^[xxi] These units played an important role in developing and implementing the Blair government’s ambitious public service reform agenda.

Over the last 50 years, the No 10 Policy Unit has proved to be a crucial part of the machinery of government for prime ministers. At various times, it has been staffed exclusively by politically appointed special advisers, by a mix of special advisers and civil servants, or entirely by civil servants. Harold Wilson’s innovation, created half a century ago, has endured because it has been sufficiently elastic. It has evolved to allow each prime minister to adjust the unit to their governing style and their vision for the country. 🇬🇧

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Footnotes

[i] Harold Wilson was prime minister from 1964 to 1970 and 1974 to 1976

[ii] “The hole in the centre” is attributed to John Hunt, cabinet secretary from 1973 to 1979 and quoted in, J Davis, *Prime Ministers and Whitehall 1960-74* (London: Hambledon Continuum, 2007), p117 and p149

[iii] P Hennessy, *The Hidden Wiring: Unearthing the British Constitution* (London: Indigo, 1996)

[iv] P Hennessy, *Whitehall* (London: Pimlico, 2001), p203

[v] P Hennessy, *The Prime Minister: The Office and Its Holders since 1945* (London: Penguin, 2000), p359

[vi] B Donoghue, *The Heat of the*

Kitchen (London: Politico’s, 2003), p17

[vii] D Kavanagh and A Seldon, *The Powers behind the Prime Minister: The Hidden Influence of Number Ten* (Kindle edition, London: HarperCollins, 2013), Location 2221

[viii] The CPRS officially went live in February 1971. See: Davis (2007), p117

[ix] B Pimlott, *Harold Wilson* (London: HarperCollins, 1993), p620

[x] B Donoghue, *Downing Street Diary with Harold Wilson in No10* (London: Jonathan Cape, 2005), p471

[xi] Kenneth Stowe minute for Margaret Thatcher, Thatcher Papers, Churchill Archives Centre, THCR 2/6/2/125. Available: <https://www.margarethatcher.org/document/112172>

[xii] Hennessy (2000), p409

[xiii] K Jenkins, *Politicians and Public Services: Implementing Change in a Clash of Cultures* (Cheltenham: Edward Elgar, 2008), p 51

[xiv] Hennessy (2001), pp659-660

[xv] M Thatcher, *The Downing Street Years* (London: HarperCollins, 1995), p31

[xvi] Hennessy (2000), p447

[xvii] J Major, *John Major: The Autobiography* (London: HarperCollins, 1999), p211

[xviii] S Hogg and J Hill, *Too Close to Call: Power and Politics – John Major in No10* (London: Little, Brown, 1995), p24

[xix] Hogg and Hill (1995), p24

[xx] Major (1999), p261

[xxi] T Blair, *A Journey* (Kindle edition, London: Cornerstone, 2010), Location 377