After the rose garden

Harsh lessons for the smaller coalition party about how to be seen and heard in government

Nick Harvey

*Inside*OUT

A series of personal perspectives on government effectiveness

INSTITUTE FOR GOVERNMENT

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Foreword

The Institute for Government has taken a close interest in the working of the coalition since its formation in May 2010, notably in a series of reports written by my colleague Akash Paun which have drawn on experience in other countries with coalition governments.

This work has raised a number of questions about how far the conventions and procedures devised for a single party government need to be adapted for a coalition; about relations between ministers of different parties in a single department; about the level of support for the junior partner; and about how policy is made, particularly in the second half of a parliament and in its final year.

An insider view on all these questions is provided in this stimulating and revealing paper by Nick Harvey, who served as a defence minister for most of the first half of the parliament. The paper provides a valuable addition to understanding about the working of the coalition since 2010, and sets out an ambitious list of objectives and demands for how his party should approach any future coalition negotiations. It will all, of course, depend not only on whether we have another hung parliament after May 7 but also on how many Lib Dem MPs there are. Some of his proposals would be hard, if not impossible, to achieve if the party lost many MPs.

Nick Harvey's viewpoint is obviously that of a Liberal Democrat minister, and many Conservatives would disagree with both his analysis and his recommendations. Indeed, a Conservative viewpoint will be presented at the event launching the paper. But such a personal, often contentious, perspective is the point of the InsideOUT series, which represents the views of the author and not of the Institute for Government.

The Rt Hon Peter Riddell
Director, Institute for Government

Acknowledgements

I am greatly indebted to the Institute for Government for giving me this opportunity to offer an insider's political perspective on how the machinery of the current Coalition has worked out in practice. I do not for one moment expect readers to agree with all I say, and the further they are from my part of the political jungle the more strongly I imagine they might disagree.

My purpose is to help stimulate a debate and this is therefore, by definition, essentially a polemic. But, aware that my experiences as a Liberal Democrat minister drawn from the Commons, and serving in a somewhat unusual department – the Ministry of Defence – may narrow my perspective, I have informally interviewed 10 other people with whom I have worked. My idea was to hear other views and thoughts on points that interested me and, by incorporating some of them into this pamphlet, to broaden at least slightly the perspective offered here beyond the solely personal.

The various comments and observations that I attribute in this pamphlet to those 10 individuals have been drawn directly from their interviews. I am grateful to all of them for the valuable insights and interesting observations generously given:

- Rt Hon Paul Burstow MP – Minister of State for Health, May 2010 – September 2012
- Sarah Teather MP – Minister of State for Education, May 2010 – September 2012
- Rt Hon Vince Cable MP – Secretary of State for Business, Innovation and Skills, May 2010 –
- Lord (Paul) Tyler of Linkinhorne – Lib Dem focusing on constitutional issues in the House of Lords
- Lord (Chris) Rennard of Wavertree – Lib Dem focusing on political issues in the House of Lords
- Lord (William) Wallace of Saltaire – government whip in the Lords who has spoken for a number of government departments at the dispatch box
- Baroness (Alison) Suttie – Lib Dem 'fixer' of long pedigree who held a senior post in Nick Clegg's office and has more recently been ennobled
- Ben Williams – long-serving head of the Lib Dem whips' office in the Commons and now a government special adviser ('spad')
- Hanneke Hart – one of the Lib Dem researchers elevated to what we termed a 'pseudo-spad' early in the Coalition before we increased our ration of formal spads
- Ursula Brennan – Permanent Secretary now at the Ministry of Justice and previously at the Ministry of Defence.

I particularly thank Ursula. When I approached her, I had intended her to be one of several independent voices, but in practice she became the only non-political participant. I hope I haven't embarrassed her by quoting her in such company, but her insights were very interesting and her brief involvement – ahead of a contribution to the Institute's substantive work on coalition government – was a useful reality check.

Nick Harvey
February 2015

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Introduction

The coalition negotiations in the heady days following the May 2010 general election were conducted in three parts: first – and most publicly – policy. Two teams, led by William Hague and Danny Alexander, assisted by the policy gurus Oliver Letwin and David Laws, spent many hours hammering out a policy prospectus for the Coalition, and this was duly presented to the nation as the foundation block of the new Government.

On the Lib Dem side, at least, there was consultation over its contents and buy-in from parliamentarians, key party committees and even a special party conference. All this served the party leadership well when the going later got rocky, because there was a sense of shared ownership of the decision to go into coalition.

The second part of the negotiation focused on coalition machinery – the way disputes, which would inevitably arise from time to time, would be resolved. On our side, Lord (Jim) Wallace of Tankerness brought to bear his experiences of two coalitions in Scotland, and Andrew Stunell contributed years of wisdom gained working for the Association of Liberal Democrat Councillors, helping council groups to form coalition administrations.

The principal product of this dialogue was supposed to be the establishment of a 'Coalition Committee' as the Star Chamber where disputes would be resolved. Interestingly, it has rarely met. Instead the more informal 'Quad' (Prime Minister, Deputy Prime Minister, Chancellor and Chief Secretary to the Treasury) has been used for this purpose. It has tangled with some thorny issues, but appears to have been largely harmonious, reflecting perhaps some similarities in outlook between the participants. But backbenchers and the wider membership of both coalition parties might question the extent to which it has protected wider political equities.

The third part of the negotiation – almost unremarked on at the time, beyond the fact that the Lib Dems had some cabinet posts – was referred to colloquially as 'bums on seats'. From the Lib Dem perspective this meant which – and how many – government posts were to be filled by Liberal Democrats, and who would fill them. This appears to have been dealt with entirely on a one-to-one basis between David Cameron and Nick Clegg. But, as was clear from the moment of David Cameron's 'Big Offer' to the Lib Dems, at lunchtime the day after polling, the Conservatives had game-planned the hung parliament scenario far more meticulously than either the Lib Dems or Labour. They knew what they wanted more clearly than did the Lib Dems.

To compound this difficulty, in stark contrast to the policy agenda, we Lib Dems did not have any internal discussions or consultations about what we wanted from this part of the negotiation. This struck me at the time as rather odd. In the British political culture, party leaders have the prerogative to choose who holds what post, but it was surely a matter of collective interest what expectations we had of the number and nature of posts and other attendant issues. But it seemed to be thought either unseemly or tempting providence to dare discuss the 'bums on seats' issue, and instead we sent Nick Clegg – who had served only one term in the Commons and had very limited familiarity with the mechanics of the Lords

– into battle entirely alone, with no support and no indication from his colleagues as to what we wanted. I was astonished that we had not deployed a heavyweight team to haggle over the posts, numbers and other operational questions.

Our real problem was that once these mechanical issues had been agreed – albeit at breakneck speed and with inadequate collective forethought – there was really no way of unpicking them. We had waited 80 years for a peacetime coalition, but in a matter of hours, or at most days, on critical points the pass had been sold. There was absolutely no political incentive for David Cameron to agree later to revisit any of these issues and concede more to his political partners than we had accepted at the outset. The window of opportunity for fundamental renegotiation had to all practical intents and purposes gone for five years. We could only learn from our experiences and form a much more detailed shopping list for any future negotiation.

So my purposes in writing this pamphlet are two-fold: first, to explore from a confessedly partisan Lib Dem perspective how it all worked out and, drawing on our experiences this time round, to promote an open and healthy debate within our party about what our expectations should be in any future coalition negotiation. I also believe it is important to discuss these questions beyond our own ranks so that other parties, the Civil Service, the media and wider society understand where we are coming from.

That is why I am delighted that the Institute for Government has given me this platform, and that the various people I have informally interviewed, and then quoted in this pamphlet, agreed to take part.

In the days following any future general election that might result in a hung parliament, inevitably much of the haggling will focus on policy. So, establishing well in advance our clear 'demand' in terms of government machinery and positions, and making this widely understood publicly, will put us in a stronger position and save valuable time. Some may raise their eyebrows and view these demands as too much of an ask – but we have to start somewhere, and listing what we have come to see that we need is as good a place as any to open a debate.

But my second purpose is more objectively to make proposals that I genuinely believe would improve the quality of any government – whether single or multi-party. It is worth noting that even single-party governments are in truth often informal coalitions, whereas two-party governments are formal coalitions – with rules on how they should work. The Blair/Brown government was an uneasy and mutually suspicious coalition. Our Conservative partners are also something of a coalition, with mutual suspicions, and perhaps to a point we are too.

Formal meetings, proper records, regular ministerial meetings for departmental teams with junior ministers actively consulted, ought to be part of the Whitehall system. The last Labour government slipped too far away from these principles, under both Tony Blair and Gordon Brown; and Margaret Thatcher's dominance as prime minister had already weakened effective collective governance. Good personal chemistry is no substitute for proper process – and may not survive a change in personnel. In a coalition, improvements such as I am proposing are vital; but even in a single-party government, many would be strongly advisable.

Chapter 1

Composition of the Coalition

Many Lib Dems greeted the negotiation as a triumph – rejoicing that key policies were to be enacted in government, and by Lib Dem ministers, for the first time in 80 years. I was more sceptical. When our negotiators reported back, my immediate thought was that, on increases in student fees and support for nuclear energy, to agree to Lib Dem MPs abstaining but not opposing was to create a hostage to fortune. It was – in its practical impact – capitulation, giving the Conservatives a majority on these issues that they had not won. I looked at the policy prospectus drawn up and could see only enough to fill the early part of the parliament; I wondered whether as five years rolled out we would ever again be in as strong a position to bargain.

I also looked at the bums on seats in astonishment and dismay. I simply could not believe how few posts we had secured: 17 ministers (one unpaid), three whips in the Commons, and three whips in the Lords (two unpaid). We held just 23 posts out of 122 in the Government.

My assumption was that the Conservative starting point would be a divvy-up pro rata to Commons seat numbers (Lib Dems getting roughly one-sixth of the posts), whereas the Lib Dem starting point would be a divvy-up pro rata to votes (Lib Dems getting roughly one-third of the posts), and we would haggle to a midway point – Lib Dems getting roughly one-quarter of the posts.

But the Conservatives cannily recognised that, over the five-year haul, giving a bit of ground on the initial policy prospectus was a price well worth paying for getting plenty of their best bums on to the key seats. Bitter experience has proved them to have been right. We must never make this mistake again! If there is another coalition negotiation in the future, **we must demand *absolutely* that we appoint at least one minister in every department bar none** (if the talent pool in the Commons should become smaller, we are blessed with talented peers), and three paid whips in each house. Those seven or eight extra posts would have made a huge difference, as I was to discover to my personal cost two years later. In short, we need roughly a quarter of the posts.

Should the deputy prime minister also lead a department?

In his book *5 Days in May: The Coalition and Beyond*, the Labour peer Andrew Adonis argues that Nick Clegg should have taken a senior office of state himself. 'Clegg's mistake was to believe that simply by virtue of being leader of the second coalition party, his power would be institutionalised across government,' says Adonis, adding that 'the Cabinet Office has been a weak base for the Deputy Prime Minister'.[1]

That seemed to be a commonly held view within Whitehall at the time, but I think Adonis may be wrong and Nick Clegg's decision not to take a department but rather to set up shop

1 Adonis, A., *5 Days in May: The Coalition and Beyond*, Biteback Publishing, 2013.

within the Cabinet Office was probably right – at least this time, when the nation had its first coalition of modern times. The danger if he had become, say, foreign secretary was that he would be pigeonholed into that role and deluged with a heavy departmental workload. Bogged down and boxed in, he might then have been unable to impose his or the Lib Dems' will and influence across the whole of government.

But it doesn't follow that the same decision would always be right, and if there were another hung parliament at a future election, the question would need revisiting. 'There would need to be a serious discussion about it,' Paul Tyler – party spokesman on constitutional matters in the Lords – told me, 'and in my view the Foreign Office [FCO] would be a serious runner as there is almost no legislation to steer through Parliament.' By contrast – proving the need for debate – William Wallace, government whip in the Lords, told me that the international travel involved would make the FCO unsuitable for a deputy prime minister (DPM), and suggested an influential but smaller department such as Business, Innovation and Skills (BIS) or Justice.

Given that any future coalition would have less novelty value, it might give the Liberal Democrats more authority if the DPM were to take an office of state. Nick Clegg personally would in my view be well-advised to relinquish the constitutional reform agenda, which the Conservatives have thwarted in this parliament and which the history of the Blair era suggests might not be much more promising in any partnership with Labour.

It is not clear why the Head of the Civil Service, Gus O'Donnell, didn't seem to have anticipated that Nick Clegg would choose not to take a department and instead would want a comprehensive DPM office functioning inside the Cabinet Office. One Whitehall insider quipped to me: 'Gus had game-planned every outcome except the one he got!' Alison Suttie – then part of Nick Clegg's office and now a Lib Dem peer – told me: 'Nick met Gus two or three times in the months before the election, but the discussions always focused on policy. I'm not sure Gus really believed that co-operation between the Tories and Lib Dems was possible.'

Which departments and posts should the Lib Dems demand?

In his book, Andrew Adonis goes on to reveal that he had discussed with Gordon Brown the suggestion that Lib Dems should take cabinet posts in each of three key areas of government – international (FCO, Defence, International Development); public service or welfare (Home Office, Health, Education, Transport, Work and Pensions, Communities and Local Government, Culture); and a green department (Energy, Environment). He is very critical of the outcome of the negotiation with the Conservatives, where we ended up heading only BIS and the Department of Energy and Climate Change (DECC): 'It is hard to conceive that the Lib Dems could have negotiated a worse allocation of ministerial posts,' he concludes.

This is over the top, and reflects his political perspective on all that happened, but we will certainly need to up our demand another time. For example, how we ended up using two precious nominations in a department (BIS) that we had previously proposed should be abolished remains something of a mystery.

I would look at it differently, dividing the current 22 cabinet posts into categories graded by political impact. We could reasonably **demand one great office of state** (FCO, Treasury, Home Office), especially if the DPM decided to take one. The plum might be the Treasury, though no prime minister will want to relinquish it. The Home Office would be hugely risky, so the best option may be foreign secretary – ideal for an internationalist party, though arguably not for a busy DPM.

My second tier is the politically sexy 'hot potatoes' (Education, Health, Work and Pensions). We must **absolutely demand one of those in any future coalition**, fight to the death to get it and pass up the whole coalition prospect if needs be. The larger party will always want to control the Department for Work and Pensions (DWP), as policy there defines a government, so we should demand our traditional top priority: Education. Labour would not lightly cede Health. I don't know which the Conservatives would rather relinquish; they would be gagging on their cornflakes either way.

My third tier is hard-edged departments (BIS, Defence, DECC and – with its massive budget – Communities and Local Government). **Again we must demand one**. Neither party will want to concede Defence because of the nuclear issue; Local Government will also be ring-fenced as it is so political. So it may be a choice between the two departments we have led in this coalition – BIS and DECC. There are arguments for each: we have probably derived more benefit as a party from leading BIS (putting tuition fees to one side!), though, despite Vince Cable's strong performance, the nation may have gained more from the Lib Dems exercising a restraining influence on Conservative instincts at DECC.

My fourth tier would be the softer service departments (Environment, Transport, Culture, Justice and International Development), where **again we should demand one**. The two to aim for would be the Department for Environment, Food and Rural Affairs (Defra) and Transport, with the latter offering better prospects to make a distinctive Lib Dem mark.

The final category is smaller departments (Scotland, Wales, Northern Ireland, the Law Officers and the Cabinet Office). The most powerful is the Cabinet Office, so the larger party might resist conceding the cross-Whitehall enforcer role (despite its low profile). In 2010 we had to take Scotland as the Tories had only one MP there, but Labour would be different. In any case, the fifth and **final Lib Dem cabinet minister has to be the chief secretary to the Treasury**. Unless the DPM is chancellor, then Lib Dem equities across Whitehall can be protected only by providing the chief secretary. Danny Alexander's television appearances as 'Mr Cuts', dealing with public sector pensions and other issues, have gained the Lib Dems few votes but, behind the scenes, his astute political manoeuvring has achieved good things across Whitehall.

I must swiftly address non-cabinet posts. Later in this paper I explore the status of Lib Dem junior ministers in departments led by Conservative or Labour secretaries of state. But in terms of their portfolios, Andrew Adonis is again a useful voice to summon: he tells us he proposed to Gordon Brown that we should have the number-two post in departments we didn't lead. How right he is! Most departments have an obvious *primus inter pares* or most coveted second job among their ministers of state. In the Home Office this is minister for policing; at Education, minister for schools; at Health, minister for hospitals; at Defence,

minister for the armed forces. I will not rehearse the list here; suffice to say that **the coalition party not heading each department must be given first choice of the next portfolio in it**.

No departments without a Lib Dem minister

It is utterly ridiculous and wholly unacceptable for there to be any government department with no Lib Dem minister. Why on earth should Lib Dems support or vote for any measures put forward by a department where we have had no input?

But in May 2010, three major departments had no Lib Dem minister – the Department for Culture, Media and Sport (DCMS), Defra and the Department for International Development (DfID), as well as Wales and Northern Ireland. In September 2012, horse-trading saw the Lib Dems relinquish posts at Defence (mine!) and FCO in return for posts at Defra and DfID, and an unpaid Lib Dem peer appointed to the Welsh Office.

Yet it would be perfectly possible for the Lib Dems to have a minister at every department (currently 22) plus three government whips in each House; add a couple of junior ministers to support Lib Dem secretaries of state and we would still total only 30. **This should be our second fundamental demand in any future negotiation. We would still comprise only a quarter of the government – an entirely reasonable expectation if our participation were making the whole thing viable.**

Indeed, I would like to see the 'one in four' principle embedded more widely into the political machinery of coalition. It is the reality of political horse-trading that divvy-ups happen all the time. Wherever no specific arrangement is made in advance, or if external factors do not demand some other approach, the modus operandi should be for the smaller partner always to get a quarter of whatever is at stake. Of course, if the smaller partner were numerically more than a quarter of the coalition, this notional quota would have to rise – but it should be a 'floor' beneath which (if it is crucial to the parliamentary arithmetic) the smaller party's general political equity will not fall.

In fact, the number of ministers depends on the number of departments. The time is ripe to shrink Whitehall a little by folding one or two departments together. If a new coalition did this, the total number of ministers would also fall. And if plans to devolve functions currently managed by the Department for Communities and Local Government (DCLG), Department for Education (DfE) and Department of Health (DH) to local authorities in England are realised, we could also manage with fewer junior ministers in those departments. Reducing ministerial numbers to the statutory limit for the number who can be salaried (109) would also be fairer as they could all be paid.

The role of the smaller party's ministers

Early in the coalition some Lib Dems and commentators wondered whether we should pursue the model sometimes seen in continental coalitions of entirely Lib Dem teams running some departments, in return accepting that we would have no role in others. With four years' experience under our belts, I have found no Lib Dems arguing that now and I am personally convinced by the more comprehensive approach we took. Paul Burstow MP, our

Health Minister from 2010-12, put it to me: 'We would have got far less credit for what has been achieved, and would have had no influence over broader coalition strategy. There just are not only three or four departments which are important to us. We would not be happy to take Health by sacrificing Home or Treasury at the cost of BIS.'

Indeed, settling for a few billets where we feel comfortable would not offer the nation an alternative political choice, but would simply pigeonhole us in the electorate's mind – at a cost to us and the country. Hanneke Hart – who served as 'pseudo-spad' (researcher with an informally elevated status) during Jeremy Browne's early days as Minister of State at the Foreign Office – told me: 'Even in some disaster scenario where the Lib Dems only secured a couple of dozen or so seats in 2015, it would still be unwise because it would lock in a public perception that the party only has one or two priority policy areas. It would be entrenching a two-party monopoly, not prising it open.'

Indeed, the entire 'comprehensive' approach I outline in this pamphlet is tailored for a smaller coalition party with nationwide reach and ambition. If, by contrast, parliamentary arithmetic drew into the equation a smaller party with a geographic niche (e.g. the Scottish National Party, Plaid Cymru or Democratic Unionist Party) or a policy niche (e.g. the UK Independence Party or the Greens), then the opposite approach might well have more appeal to them. Such a party might want complete control over a particular area, which might be more appropriate to the numbers of MPs involved.

Chapter 2

Junior ministers protecting Lib Dem 'equities' across their whole department

It was said optimistically at the outset that the sole Lib Dem minister in Conservative-led departments would 'cover' the whole work of the department on behalf of the Lib Dem part of the Coalition. Some Conservative secretaries of state initially grasped and even welcomed the coalition dynamic: according to our original Education Minister, Sarah Teather, Michael Gove at DfE was keen to understand Lib Dem policies on matters across the board. Others, however, even if not openly hostile, simply treated the Lib Dem minister in their department as fulfilling their allocated portfolio, and thwarted – actively or passively – any effort on that minister's part to have a roving brief.

Most civil servants were of little help, as the whole concept was alien to their sense of order. Significantly, no common pan-Whitehall procedural apparatus was put in place to enable the Lib Dem minister to play this wider role, yet it would have been quite easy to set this up – if only it had been negotiated at the outset.

For me in the Ministry of Defence, things could have been a lot worse. As the sole minister of state in the department I was clearly the second minister and would regularly deputise for the Secretary of State, Liam Fox, and later Philip Hammond, when they were unavailable. Liam and Philip had vastly different ways of working, but they had in common a rather weary tolerance of junior ministers at large in their domain (Chris Mullin's diaries[2] suggest this is not uncommon), as well as a general disdain towards the Coalition and the Lib Dems – though not, I sensed to my relief, towards me personally.

It took every ounce of my ingenuity – and that of the talented private office staff I was lucky to inherit, and who took to my strategy of internal espionage like ducks to water – to keep up with what was happening across the department. But it would be a big overstatement to suggest that I was imposing a Lib Dem will on the whole department's output, which I was supposed in principle to be doing.

Other Lib Dems were put into junior parliamentary under-secretary posts, such as Lynne Featherstone's initial role at the Home Office. Here, Theresa May – another Tory who appeared to me to be frostily disposed towards the Coalition – seemed to give her little opportunity to introduce a Lib Dem perspective across the department. To my eye, Lynne looked happier and more effective at DfID, so her recent return to the Home Office is ironic.

2 Mullin, C., *A View from the Foothills*, vol. 2, Profile Books, 2010.

Some months after becoming a spokesman for his department, one of our whips in the Lords was bemused, on finally snatching a conversation with the secretary of state, to elicit the response: 'But I don't tell my [Tory] junior ministers most of the things I am doing! So why on earth would I tell you?'

Paul Burstow arrived at Health in 2010 with the advantage of having done some preparatory work on coalition scenarios for Menzies Campbell during Ming's leadership of the Lib Dems. So he approached the department's permanent secretary on day one and demanded 'contemporary access to all papers going to the secretary of state'. He believes that he broadly got this, though he acknowledges that he will never really know what he didn't see. At Education, Sarah Teather believes she got something along these lines at the start but thereafter the situation deteriorated. Ursula Brennan, former Permanent Secretary at Defence and now filling the same role at Justice, assures me that submissions to Conservative defence secretaries were routinely copied to me, and it is certainly true that my private office spent long hours wading through vast volumes of paperwork. But I sometimes felt that if sensitive and interesting things reached me at all it was only *after* key decisions had been taken.

Ursula Brennan made the point to me that the coalition dynamic reinforces good practice, with decisions made more formally and properly recorded. Despite that, Paul Tyler observed that too many trip wires in Whitehall get triggered too late; he would favour some sort of 'yellow card' system, where coalition concerns get flagged up earlier. This could feed rather effectively into Ursula's creed of formal recording systems. It would also help in convening regular meetings of the Coalition Committee – to which I will return later.

Several of my interviewees emphasised the importance of regular meetings of ministerial teams – 'prayer meetings' as they are known, though little praying takes place. (It might be a productive innovation by the standards of some of these events!) Vince Cable describes these meetings at BIS as amicable, productive and building mutual confidence. At Defence they were OK, if sometimes rather boring, and prone to being cancelled if the secretary of state got a better offer in his diary. At Health, Paul Burstow attests that the meetings at least occurred weekly, while Sarah Teather says that at Education they were often cancelled – like ours at Defence. Ursula Brennan, giving the officials' view, says that business generally runs much more smoothly where secretaries of state meet junior ministers routinely and give the latter the opportunity to flag up problems.

One lever that served me well was securing the second ministerial seat on the Defence Board. The Cabinet Office Minister, Francis Maude, decreed in 2010 that old-fashioned boards, chaired by permanent secretaries and excluding ministers, were to be replaced by new, streamlined 'Maude boards', chaired by secretaries of state.[3] I'm unclear how widely this was followed across Whitehall, but it worked well at Defence under both Liam and Philip's chairmanship – smoking out the debate among officials and military chiefs for ministers to see and hear, and drawing in useful expertise from non-executive directors. **The Lib Dem minister in every department should serve on its board.**

3 McClory, J., Quinlan, V., and Gruhn, Z., *All Aboard? Whitehall's new governance challenge*, The Institute for Government, 2011.

The Conservatives were quick and confident in bringing in some of their own from outside to undertake studies or reviews. The cross-bench peer Lord Levene reviewed the way Defence was run and produced an excellent and innovative report, which informed a process of reform.[4] Lord Ashcroft conducted two reviews, the first on defence arrangements in Cyprus[5] and the second on veterans' welfare[6] – both were very good. **Lib Dems should be more confident – and demand – to bring in our own outsiders to conduct reviews and studies, and fill appointments.** We should also have our veto ready for the larger party's nominees when necessary.

One further suggestion to enhance the role of Lib Dem ministers in each department would be explicitly to give them the ability – in consultation with their secretary of state (the Coalition Committee could resolve disagreements) – **to commission work from officials on their own policy initiatives across the department, and not simply within their own portfolio.**

4 Defence Reform Steering Group, *Defence Reform: an independent report into the structure and management of the Ministry of Defence*, The Stationery Office, 2011.

5 Ministry of Defence, *Written statement: Cyprus*, The Stationery Office, 2011.

6 Ashcroft, M., *The Veterans' Transition Review*, Biteback Publishing, 2014.

Chapter 3

Lib Dem consent to executive decisions

Parliamentarians and the media get hung up on legislation, yet simple policy decisions and executive actions can be profoundly significant – as well as disruptive, divisive and damaging to coalition parties. Leaks are becoming more endemic as we enter the final furlongs of this parliament, and the cement of the Coalition is crumbling a little – an example was the leaking of letters outlining Lib Dem ministers' opposition to mandatory sentencing for knife crime.

The principle of 'no surprises' between the partners is crucial to a good working coalition. This featured prominently in Paul Burstow's preparatory work for Ming Campbell, and was referred to during the 2010 discussions. But it has broken down lately and needs reaffirming if we are to survive the final months in reasonable order. **It must be the foundation of any future coalition.**

One triumph of Nick Clegg's 2010 negotiation – a critical piece of the deal that has served the Coalition very well – was the undertaking that the Deputy Prime Minister should see every paper crossing the Prime Minister's desk *and* agree on the proposed course of action before anything was done. I remember hearing this agreement approvingly, but I am not sure I or anyone else quite appreciated how significant it was – in effect, a veto, and rightly so, as the larger party should indeed never be able to do anything at all without the consent of the smaller one.

Lib Dem junior ministers in Tory-led departments therefore have a way of escalating issues to PM/DPM level if they are not content with departmental decisions, although I personally always regarded this as a nuclear option. Ursula Brennan pointed out in our discussion: 'One should seek to avoid taking up PM and DPM time and clogging up their in-trays.'

And that is the problem: this amounts to a huge workload for the DPM's team and he has nothing like the resources to deal with it that the Prime Minister has. While the Civil Service congratulated itself on the smooth establishment of a coalition, it was surprising that a much bigger and more powerful DPM team – including a policy unit – wasn't ready to fire into action from the outset. Whether or not the Lib Dem leader had taken a departmental secretary of state role, there would always have been a need for an *office* of the DPM to fulfil a wider pan-governmental function. Alison Suttie told me that in Nick Clegg's office they refer back even now to that early period as 'the heroic first 18 months'.

But a much better arrangement would be for the same power of veto to exist within each department as well, so that the Lib Dems there would have to approve significant executive decisions and initiatives before these were sent across Whitehall in 'write-arounds'. The requirement to 'cover the whole department for the Lib Dems' would become meaningful, and significantly alter the dynamic within each department. This could not be done effectively by a parliamentary under-secretary with a minor portfolio – it would mean whichever party did

not have the secretary of state providing a **deputy secretary of state**. In large departments they would in rank and status be the most senior minister of state; in small, two-minister departments the post could simply be filled by the sole parliamentary under-secretary. But in all cases the title of deputy secretary of state should always be used.

Now I can imagine any Tory secretary of state with enough curiosity to read this paper choking on his or her sandwich at this proposal. Indeed, when I put it to Vince Cable – who would have to live with a Tory deputy armed with a veto under this system – he looked faintly aghast. But after a moment's reflection he agreed that it would be worth making this concession in his department if the prize were securing it in all the others.

Perhaps it is unsurprising, but *every* Liberal Democrat I have spoken to in the course of this project has supported the idea emphatically! **Put simply, this is the most important single recommendation I make in this pamphlet – and the Liberal Democrats should make it clear to both other parties that it will be a fundamental deal-breaker in any future negotiation.**

Chapter 4

The Coalition inside Whitehall departments

Much of the day-to-day work of the Coalition is handled by junior ministers inside departments, and some experiences of Lib Dem ministers working under Conservative secretaries of state leave me convinced that working arrangements need hammering out in far greater detail at the outset.

Junior ministers' access to the media

Lib Dem junior ministers have differing experiences of when and how their departments field them for media interviews. Of course they have differing talents too. But too much can depend simply on the whims of their Tory secretary of state. Understandably, both the Lib Dem party leadership and rank and file want and expect to see our ministers playing a visible role in government, or else we risk looking like a Conservative government with a few Lib Dems held hostage in it. So it is patently ridiculous that a Conservative minister can in effect gag a Lib Dem minister, or even that the Number 10 press office can do so.

Paul Burstow, at Health, told me was vetoed from addressing the Association of Directors of Social Services by 'a Number 10 policy man' who was a Conservative. During Liam Fox's time at Defence I was regularly used as the 'minister for bad news' (others have had the same experience), whereas Philip Hammond essentially wanted to do all media himself – so I was 'off air' for a year. Eventually, the DPM's team concluded that I wasn't 'scoring many runs' for the Lib Dems!

I frequently found that Conservative press officers at Number 10 asserted some right to blue-pencil or even veto articles I wrote – or speeches I planned to make. Baroness (Judith) Jolly, one of our government whips in the Lords, told me that she had to be very firm on one occasion to prevent the Number 10 spin doctors ghost-writing an article in her name.

Sarah Teather, while Minister for Children, had an even worse problem. Because David Cameron took a personal and genuine interest in her area of work, she told me that initiatives she had worked up were 'nicked' by Number 10 and fronted by the Prime Minister himself. This stunt would be mildly galling if pulled by your own party leader but is totally unacceptable when done by the other side of the Coalition. It is another example of business as usual in Whitehall, with no allowance being made for the political dynamic of coalition. (There are many more – such as prime ministerial prerogative operating unaltered, or the Chancellor's sole authority over the Budget.)

Sometimes the exercising of control is more subtle. The Health Secretary, Jeremy Hunt, who strikes me as an arch-tactician, always seems to pop up when there is a populist or human interest story, whereas our highly capable minister of state Norman Lamb is wheeled out to

explain dry and technical issues, just as Paul Burstow did in many uncomfortable interviews during the passage of the NHS bill.

All ministers should be supported by government press officers (whose quality and numbers vary between departments and who in some cases – astonishingly – are not communications professionals at all, but simply civil servants on rotation). But some of my interviewees recounted having no support whatever, sometimes because there was barely anyone there. One told me that there was not even the means to get out a news release. Sarah Teather observes that the press office at Education was initially still full of Labour appointees hostile to the Coalition, who eventually got shuffled off into other roles.

Orderly management of government communications is vital, as is co-ordinated teamwork in departments. But it is unsustainable nonsense for one party to try to gag the other, and the best solution I can see is for Lib Dem ministers to work with the DPM press team and not the Number 10 press team, and for the former to inform the latter of what we are doing and iron out any concerns.

Parliamentary and other announcements

The same arguments apply here as to media exposure. When do Lib Dem junior ministers get to represent their departments and make formal announcements (or indeed make the decisions to be announced), deliver set-piece speeches, front-up big visits and so on? Sharing in these more visible functions is vital both for the junior minister personally and the smaller coalition party collectively.

The whole thing can come down to the whim, style and personality of the Tory secretary of state (and the quality of the relationship the Lib Dem has with them). Up to a point that will always be true.

But whereas the idiosyncrasies of particular secretaries of state may not matter so much in single-party governments (under Labour, the Ministry of Defence had five defence secretaries in five years, and civil servants and military personnel entertained me with accounts of their vastly differing concepts of teamwork), in a coalition such quirks are intolerable and politically unsustainable.

I had a good working relationship with Philip Hammond, but I recall his horrified astonishment when officials proposed that I made a somewhat pressing statement to Parliament when he was to be abroad on an important trip. They assured him that I was more than capable of handling it, but the very idea of anyone else doing it was anathema to him. In the end he cancelled his trip, so far as I recall, and issued the statement himself.

When I was sacked I had a most amicable call from Philip, thanking me in very generous terms for my work at the Ministry of Defence (MoD), declaring his astonishment at the Lib Dems' political calculation in vacating the MoD and FCO, and expressing sincere regret at my departure. His tone was much warmer than simple form and good manners required. By then he had been in post 10 months or so, had mastered his complex brief and was deploying his formidable intellect completing the elimination of the MoD funding black hole after the department's years of financial incontinence. He had much more important things

to worry about than how much limelight his Lib Dem deputy was getting. But the irony was that if I had had just a little more exposure during those months preceding his kind call, he might not have had to make it.

It is hard to know exactly what protocols could resolve this tension effectively. Possibly my trusty 'one in four' principle might have a part to play – if not on a daily operational basis then at least as a reference point in the event of grievance. But I have no doubt that establishing the Lib Dem minister as deputy secretary of state with the power of veto I described earlier, and thus putting the two ministers on a much more equal footing – akin to the PM/DPM dynamic – would make a huge difference.

Reviving the Coalition Committee

One other idea weighs on my thinking here: the Coalition Committee, whose existence was negotiated back in 2010 but which has rarely met, would be a perfect forum to resolve such frictions. Grievances about media relations, high-profile announcements and engagements, and other business-handling issues are too mundane to take up the time of the Quad, which should properly address big strategic questions. But they could sensibly be addressed by a committee of wise and trusted old hands fulfilling a sort of 'star chamber' role, in the Willie Whitelaw tradition.[7] **So the Coalition Committee should be reconstituted without the PM/DPM, but with whips, business managers and Cabinet Office ministers, and meet regularly to handle the tensions inevitable in any partnership – referring up to the Quad only intractable problems it proves unable to resolve.**

Access to permanent secretaries and other senior officials

This was never an issue for me at Defence: I could see anyone at any level, either civil service or military. Friction occurred only if I wanted to see outsiders – especially from industry, given concerns about lobbying. It amuses me that in opposition it was an endless battle to see the military and all but impossible to see the Civil Service, but I talked to industry all the time. In office, the reverse was true. A happier balance would be healthier all round.

But one or two colleagues found it a problem. I asked Ursula Brennan what she considered the norm, and her view was that the culture of departments varies greatly, as do personalities, notwithstanding the demands of coalition. Unsurprisingly, Vince Cable told me that his Conservative junior ministers get 'absolute and automatic' access to all officials. In another department, one ministerial colleague told me that the permanent secretary was so laid back and other-worldly that hardly anyone gained an audience.

At Health, Paul Burstow told me he could see the permanent secretary as needed but he probably didn't see senior NHS officials as much as he would have liked. Sarah Teather at Education saw the senior officials in her own division all the time but sometimes had to push quite hard to see those elsewhere in the DfE firmament. This suggests that the departmental culture had not entirely adapted to the coalition dynamic, or to the fact that she was explicitly supposed to be working across the whole department in protecting coalition equities.

7 Jenkins, S., 'The "Star Chamber", PESC and the Cabinet', *The Political Quarterly*, vol. 56, no. 2, 1985, pp. 113-21.

Chapter 5

Legislation

Determining its legislative programme is a priority for any government, but the politics of coalition present an interesting additional tension. Some ministers regard bills as evidence of their political virility, whereas many inside and outside Westminster would welcome less new law – and more effective scrutiny of past laws, some of which prove ineffectual or even unnecessary.

The MoD doesn't do much legislating so I have little personal experience of this area, but it is such a key part of governing that it demands exploration here.

If a coalition agreement is negotiated at the outset, the first session's programme should then be agreed quickly and cleanly. But as a five-year parliament progresses and the original agreement fades into memory – and many of its measures are accomplished – new initiatives and ideas are needed. This is where a junior partner risks being outnumbered, and should not permit negotiations to take place anywhere on less than a 50:50 footing. It is an example of where having enough of the right bums on the right seats really matters.

In the autumn of 2010, having settled in, the Lib Dems held a seminar at Church House, Westminster, and invited European liberal and democrat ministers, from coalitions past and present, to come and share their experiences with us and offer advice. They were all firmly of the view that, however long negotiations take, the initial agreement should cover *in detail* the full five-year programme. There is certainly a strong argument for doing more than was written into the 2010 deal. Efforts to update it later with a mid-term review, and plans for a 'Coalition 2.0' initiative, were thwarted because they lacked the same momentum as the original talks – and because the relationship was rather less rosy by the halfway point. We are certainly running out of agreed business in the fifth year of coalition.

But even if we could wean the nation off the idea of a quick deal, or could perfect an 'interim government' construct pending the conclusion of a comprehensive agreement, any government must react to events, and the world moves on throughout a five-year parliament, so new ideas will be needed.

But driving through a legislative programme involves more than just deciding what it is to comprise. What say are Lib Dems given in the content of individual bills? (I remember asking Paul Burstow why Andrew Lansley's ill-fated NHS bill[8] was so dreadful, to which he replied: 'You should have seen the first draft!') What say do we have in the compromises and tactics during the passage of bills?

Alison Suttie points to the importance of the cabinet committees, which perhaps we all tend to overlook. She believes that Nick Clegg made a smart move in securing the chairmanship of the Home Affairs committee (which has a much wider remit than that of the Home Office;

8 Health and Social Care Act, 2012.

it covers much of the domestic agenda of government). Having sometimes attended that committee in Liam Fox's place, I would concur. Alison views the committee as a good filter and safety net. One insider's tale – possibly apocryphal – relates how, when first confronted at the committee with Andrew Lansley's NHS bill, George Osborne asked: 'What the hell is this?' (Intriguingly, Paul Burstow told me he reckons Andrew had been working on it for about five years in opposition, though neither the 2010 Conservative manifesto nor the coalition agreement gave too many clues about what was coming – to friend or foe alike.)

Ben Williams, special adviser to the Lib Dem chief whip, observed to me that deal-making in coalition is rather different to deal-making in single-party governments. The majority of deals in single-party governments are often internal fixes to secure a bill's passage through the Lords (where no one has a majority). In a coalition, deals usually need to be struck much earlier – to secure political consensus before even introducing a bill. Discussions become more tortuous and controversial the further away they are – in time or content – from the original coalition agreement (or, in cases such as the NHS bill and the Lords bill,[9] further away from varying interpretations of the coalition agreement). Not only is it necessary to secure passage through the Lords: there is also the question of political buy-in and compromises between the coalition parties.

Paul Tyler observed to me that where a Lib Dem junior minister gets confined to his/her silo in a department, the Lib Dems are inevitably left out of early planning stages in drafting bills and key handling decisions. Party spokesmen such as Paul are urged to influence detail early and 'upstream' but such entreaties are pointless if there is no one in the loop and able to alert them early. Better practice was evident when the controversial bill on transparency and lobbying was being drawn up; here, Tom Brake, deputy leader of the Commons, was able to give Lib Dem spokesmen in both Houses early warning of detailed developments and proposals.[10]

Indeed, much effective legislative scrutiny (often derided by ministers and civil servants) takes place in the Lords and is often valuable in making sense of ill-thought-out legislation that MPs have had no time to consider because of timetable motions. Involvement of back-bench peers on the government side *before* legislation is published would lead to less embarrassment and fewer government defeats.

MPs in both coalition parties resent having to defend politically unpalatable compromises to a hostile electorate. To make matters worse, this can often be followed by a 'fix' in the (as the public sees it) invisible and unaccountable House of Lords. And it positively infuriates MPs who have been pressed to go through the division lobbies against their own party policies (and the wishes of the electorate) if they already know that a 'fix' is coming in the Lords. Earlier resolution of issues strikes me as highly desirable, and this comes back to the 'no surprises' principle.

Party culture plays a part in how deals work. Lords fixes, internal consultation and leadership positions are viewed differently depending on the structures and history of the party. William Wallace, a Lib Dem Lords whip, handles several departments' business at the dispatch box and

9 House of Lords Reform Bill, 2012.

10 Transparency of Lobbying, Non-party Campaigning and Trade Union Administration Act, 2014.

has many anecdotes about Commons ministers refusing to understand the Lords – until they twig that the Government doesn't have a majority there. Personality can be as important as party, he told me; some otherwise tricky characters avoid the pitfall of underestimating the complexities of the Lords, while others usually perceived as quite amenable are 'appalling' in their approach: omitting initial consultation with peers, displaying a 'Commons first' bias, largely forgetting the Lords and more or less insulting the cross-benches. Some at least have been quite grateful to William and his colleagues for rescuing them from their self-inflicted predicaments.

Sadly, ministers in this government have followed recent precedent in measuring success by the number of bills they pass through Parliament. Departments queuing up with draft bills, and cabinet ministers battling for priority at the Parliamentary Business and Legislation Committee, encourages unnecessary legislation. The NHS reforms didn't need forcing through by legislation, says Paul Tyler, but that made Andrew Lansley look tough in the eyes of his party. Similarly, he says, most of the measures in Oliver Letwin's Deregulation Bill could be accomplished, a little more gradually, by other means. **A future coalition should focus on running the country well, implementing policy, and engaging in dialogue with Parliament and the nation, and aim from the outset to reduce the flow of new legislation.**

Chapter 6

Political resources for the smaller partner

Parachuted behind enemy lines into Tory-led departments and expected by some process of osmosis to influence the work of the whole department, solitary Lib Dem ministers were further challenged by having no political support.

Special advisers (spads)

In an era of austerity, the new coalition Government understandably wanted to reduce the number of special advisers that had existed during the Blair-Brown era, and as part of the exercise it also killed off the policy adviser as a separate species.

With the benefit of hindsight, Alison Suttie wisely observed to me that this was a mistake: 'It should have been obvious that making a coalition function smoothly would necessitate more political support than a single-party government needs.'

Indeed. Ditching the policy adviser concept has not worked out well, with too many special advisers drifting off into the realms of *policy* at the expense of the ***politics*** they are actually paid to handle. Policy advisers, by contrast, were meant to be subject-matter experts with a political perspective, and a network of them might have played a most constructive role in the (aborted) Coalition 2.0 process.

The divvy-up of spads was inequitable and the Lib Dems should have had more. Civil servants proved good allies in trying to remedy this. To my surprise, and in direct contrast to the (perhaps now rather dated) characterisation in *Yes Minister*, they seemed universally to see great merit in having political support. The Institute for Government made a critical intervention by putting a considered case for the Lib Dems having more spads, and a further tranche was eventually appointed – to noticeable effect.

But, to avoid them being chosen and appointed by non-cabinet ministers, they were annexed to the DPM's office (which later caused minor embarrassment when the numbers were revealed) and paid by the Cabinet Office, meaning that they were cold-shouldered in some departments, though welcomed in others.

In any future coalition, the Lib Dem deputy secretaries of state in every Labour or Tory-led department should each get a spad (as likewise should Labour or Tory deputy secretaries of state in Lib Dem-led departments) even if – like private office staff – they might be chosen by the incumbent but assigned to the office.

Alison Suttie made a point in our discussion that the context for this should be a tighter code of conduct for transparency of spads' activities, and salary banding aligned to civil service

grades. This more formal approach might also make it possible to avoid some spads being '12-year-old kids', as Alison puts it, which would earn a hearty roar of 'Hear, hear!' from Lib Dem parliamentarians – with no disrespect intended to any of the very bright and hard-working young people we have had this time round.

One significant tension, which goes against the grain of Lib Dem political culture and has taken us by surprise (though perhaps it is unavoidable when any party goes into government), has been the regrettable distance that has opened up between our ministers and their political staff on the one hand, and 'the rest of us' on the other. The latter group includes parliamentarians in both Houses, our staff, party staff, councillors and the valuable resource of experience and support that is the wider membership of our party.

There has been a failure to link it all together. I was uncomfortable about this while in government and view it as a crisis now I am out. This is more than simple party management, which can be good, bad or indifferent. The issue is the barriers – political, practical and time constraints – created by the process of government. It can be overcome only by people able to straddle those barriers, i.e. people inside government with the aptitude and personal connections to reach out. Good government demands that ministers' plans, initiatives and legislation don't run aground through losing votes in Parliament, rejection at party conferences or political controversy within ministers' own parties.

This is a key role of good special advisers – and to do it well they need deep knowledge, credibility and contacts within their party. Our spads can't *all* be people in their twenties – some will require decades of relevant experience in the party.

Many parliamentarians – in both Houses – have vast knowledge and could help ministers greatly. But our back-bench committees have limited impact and, regrettably, too few spads prioritise engaging with parliamentarians, except in pathetic efforts to try to enforce discipline. This is a waste: involved earlier, parliamentarians could have helped avoid pitfalls – but instead they have sometimes been told of a bill: 'We don't want any amendments at all – it is perfect!' only for it to come badly unstuck later.

The opaque process of appointing spads sometimes pays scant regard to the principle of equal opportunities and, as well as causing resentment, leads to a reinforcement of bunker mentality, as only those known and approved of are considered. Ministers also tend to appoint their friends, and this is not good practice.

Short and Cranborne monies

Another question that arose speedily and painfully after the Coalition was formed was the loss of Short and Cranborne monies.[11] This also affected the Conservatives – who lost greater numbers of party staff in redundancies – but they had seen it coming, whereas we had not. Consequently we had no worked-up proposition to present in negotiations.

The purpose of the Short and Cranborne funds is to resource party groups' *parliamentary* work, in the Commons and Lords respectively, in researching and presenting policies and organising

11 Kelly, R., Parliament and Constitution Centre, 'Short Money', House of Commons Library, 2010.

themselves procedurally. But rather oddly, the funds are allocated only to opposition parties. The argument runs that in government a party has the Civil Service to prepare policies and the government media machine to handle its presentation. This is substantially correct for frontbenchers, but government staff and resources are not available to back-bench MPs on the government side, who still have much the same political needs in Parliament (e.g. asking questions, scrutinising legislation, raising debates and moving amendments) as MPs on the opposition side. As for procedural organisation, it may be appropriate for civil servants to help organise the orderly presentation of government business to Parliament, but in my view it is not appropriate for them to be involved in marshalling or cajoling back-bench MPs – all sides need Short/Cranborne resources for that.

This is a question that needs revisiting urgently. It may be that a completely new approach to this area of funding is needed: back-bench funds for all parties, and front-bench funds for opposition. Alternatively, if we persevere with the Short/Cranborne formula, it could be allocated to all parties, either based on their numbers of backbenchers, or at a discounted rate for parties in government. Whatever approach is favoured, it will be easier to find all-party agreement before an election than afterwards.

Chapter 7

The Coalition in Parliament

Not only has Whitehall culture struggled to adapt to the new realities of coalition, but progress in Parliament itself has also been disappointing. Despite the declining strength of, and support for, the Conservative and Labour parties over several decades, the House of Commons trudges on in a depressingly binary modus operandi. Some changes could be effected by the Government – i.e. the Leader of the House – tabling revised standing and sessional orders. Other necessary changes lie within the remit of Mr Speaker. And notwithstanding the strong reformist credentials of our admirable Speaker, John Bercow, more remains to be achieved here.

In particular, **it is simply not acceptable for the smaller coalition party to be silenced in Parliament on the basis that the larger partner is speaking for it. If ministers from the smaller party wish to make a front-bench statement separately from the larger party, it is absolutely essential that they must be able to do so** – not least because the House and nation are entitled to know that there are unresolved differences of opinion. This happened once – over the findings of the Leveson Inquiry on media regulation – and was a most welcome innovation, but it has not happened since. It would have been a most appropriate solution on occasions such as the report of the Trident Alternatives Review. Similarly, if the ministers opening and closing any debate are both from the larger coalition partner, then it should be the automatic right of the back bench of the smaller party to have its representative heard in the opening phase of the debate and not simply among the tail-enders.

Other smaller parties have similar reasons to want an early opportunity to state a position. Chris Rennard, the former Lib Dem campaigns guru who now sits in the House of Lords, tells me that he observed the New Zealand Parliament when formal statements were made about the 2011 Christchurch earthquake. Six parties were recognised in the Parliament: three in the governing coalition and three in opposition. All six party leaders had the right to speak in turn at the start of the proceedings, with no suggestion of the Prime Minister speaking for the smaller governing parties. Most parliamentary chambers work like this. Indeed, our own House of Lords was ahead of the Commons in this: until the Coalition was formed, the Lords heard from the three parties and the cross-bench at the start of all debates and in the winding up. Sadly this is rarely the case – my party colleagues tell me – in the era of coalition.

Conclusion

Four years on, the excitement of forming Britain's first peacetime coalition in almost a century seems a distant memory. We are all rather older and wiser as a result of our experiences. Both parties can share some quiet satisfaction in the progress made in stabilising the economy, tackling the deficit, reforming aspects of welfare, improving the lot of pensioners and sustaining overseas aid.

For their part, Conservatives will point to other aspects of the Coalition's achievements with pride and can speak for themselves. Liberal Democrats will point to our signature achievement of raising the tax threshold to £10,600 – taking millions out of income tax and delivering a tax cut for almost everyone. They will also cite the creation of 1.9 million apprenticeships; the triple lock, which guarantees a healthy rise in the state pension every year; the pupil premium, which pays extra money to schools to help children from disadvantaged backgrounds; saving the post office network; the setting up of the Green Investment Bank and the Business Bank; and several more party hobby-horses.

But this encouraging checklist of policy achievements cannot hide the fact that being in government with the Conservatives has not always been a partnership of sweetness and harmony suggested by the scenes in May 2010 in the Downing Street rose garden. They have driven a hard agenda and at times we haven't had enough political firepower in the right places to stop them. Sometimes they have set out to shaft us and have relished doing so, but at other times they have simply conducted the process of government as though we weren't there and have assumed we would go along with it. Too often, we have.

If we are to learn from this experience and ensure that it never happens again, then the ideas I outline in this paper must contribute to forming a better coalition another time. Other colleagues and analysts will have many more ideas on the subject, and a free and open debate is vital. But I have been very encouraged by the degree of support (particularly for my key suggestions, such as the creation of deputy secretaries of state inside departments) shown by party colleagues: both my formal interviewees, whom I have quoted here, and many others with whom I have talked more informally.

As I said at the outset, I hope that some other ideas I have outlined would improve our system and culture of government regardless of whether we have a coalition, including:

- formal meetings and proper records
- regular ministerial meetings for departmental teams, with junior ministers actively consulted
- shrinking Whitehall; with discussion rife about devolution within England, the opportunity arises to reduce numbers of departments and ministers – at least to the 109 limit who can be salaried
- the principle of 'no surprises' inside Whitehall
- avoiding escalating minor issues to Number 10

- a better divvy-up of political duties and roles within departments – perhaps including a deputy secretary of state
- reducing the amount of legislation and instead focusing on running the country well, implementing policy, and engaging in dialogue with Parliament and the nation
- engaging earlier and more comprehensively with parliamentarians
- more transparency around the appointment and activities of spads
- revisiting Short/Cranborne funding, perhaps giving back-bench funds to all parties, and front-bench funds only for opposition.

But, politically, the greatest lesson we Liberal Democrats must learn is to heed the memorable words of Nancy Reagan and 'just say no'. It is difficult for the smaller party in a coalition to make the larger one do things it doesn't want to do. But it should be relatively simple to stop our political partners doing things we don't want them to do. They need our votes to get anything through Parliament. With a proper working arrangement along the lines I have described here, they should also need our assent to all significant executive action.

Of course, deals have to be struck, which will sometimes result in us going through the lobbies holding our noses, and on other occasions the larger party will have to do so too.

Some critics will look at what I propose in this pamphlet and say that I demand too much leverage for the smaller party; they may deploy metaphors such as 'the tail wagging the dog'. But I would say in response that the larger party will inevitably get its way more; and its greater numbers in the Government mean it will set the agenda more of the time. We Lib Dems must accept that, and the underlying democratic legitimacy it derives from winning more votes.

Our willingness to serve in any coalition entails willingness to compromise in the national interest, and an acceptance that we will not get our own way all of the time. But we must ensure in any future coalition that we have reliable machinery to provide ourselves with an effective veto on all occasions. We must be ready to use it on a daily basis. We must have a much greater collective ownership of that power of veto.

And all Lib Dem MPs and peers, whether prominent frontbencher or loyal foot soldier, must be able to look themselves in the mirror as they brush their teeth before bed, confident that the sound sleep of the righteous awaits them because nothing they have been asked to do that day has been an abandonment of the liberal and democratic values that drew them into public service in the first place.

List of recommendations

(1) The big wins of this coalition must be consolidated – in particular the DPM's 'veto' (receiving contemporaneously and having to approve PM papers); the evenly balanced Quad; DPM chairing the cabinet committee on home (domestic) affairs; and a Lib Dem chief secretary to the Treasury.

(2) The Lib Dems must have a minister at every department bar none (22 in the current structure of government, though we favour merging departments), plus three government whips in each House. Add a couple of junior ministers to support Lib Dem secretaries of state, and we would still total only 30. This would comprise just a quarter of the government – an entirely reasonable expectation if our participation is what makes the whole thing viable. (Our ministers can be drawn from both Houses.)

(3) We can reasonably demand:

- one great office of state (FCO, Treasury or Home Office)
- one of the politically sexy 'hot potato' departments (Education, Health or DWP), and fight to the death to get it, passing up the whole coalition prospect if needs be
- one 'hard-edged' department (BIS, Defence, Energy or, with its massive budget, DCLG)
- one of the slightly 'softer' service departments (Defra, Transport, DCMS, Justice or DfID)
- the final Lib Dem cabinet minister pretty much has to be the chief secretary to the Treasury.

(4) The coalition party not heading any department must get first choice of the next portfolio in it.

(5) In every department, whichever party does not have the secretary of state should provide the deputy secretary of state. Put simply, this is the most important single recommendation I make in this pamphlet – and the Liberal Democrats should make it clear to both other parties that this will be a fundamental deal-breaker in any future negotiation.

(6) Every Lib Dem minister in a Labour or Tory-led department must have a spad to support them.

(7) The Lib Dem minister in every department must be enabled to:

- serve on the department's board
- bring in chosen outsiders to conduct reviews and studies, and fill appointments
- commission work from officials on their own policy initiatives across the department.

(8) A completely new approach to Short/Cranborne funding is needed, perhaps back-bench funds for all parties, and front-bench funds only for those in opposition. Agreement is needed pre-election.

(9) We must move beyond the nonsense of one party's press team trying to gag the other party, and the solution is for Lib Dem ministers to answer to the DPM press team and not to Number 10's.

(10) The Coalition Committee should actually be constituted, and should meet regularly to handle the routine tensions inevitable in any partnership – only referring up to the Quad any intractable problem it proves unable to resolve.

(11) It is not acceptable for the smaller party in a coalition to be silenced in Parliament on the basis that the larger partner is speaking for it. If ministers from the smaller party wish to make a front-bench statement separately from the larger party, it is essential that they must always be able to do so.

(12) The greatest lesson we Liberal Democrats should learn would be to heed the memorable words of Nancy Reagan and 'just say no'. It is difficult for the smaller party in a coalition to make the larger party do things it doesn't want to do. But it should be relatively simple to stop our political partners doing things we don't want them to do.

(13) The principle of 'no surprises' between the partners is crucial and must be the foundation stone of any future coalition.

(14) A future coalition should focus on running the country well, implementing policy, and engaging in dialogue with Parliament and the nation, and aim from the outset to reduce the flow of new legislation.

Posts Lib Dems should demand within the current structure of government

Department	Position
Prime minister/deputy prime minister	Deputy prime minister (possibly also leading a department)
Attorney General's Office	Solicitor general (could be traded for a parliamentary under-secretary of state)
Business, Innovation and Skills	Deputy secretary of state (minister of state)
Cabinet Office	Deputy minister for the Cabinet Office (minister of state)
Communities and Local Government	Deputy secretary of state (minister of state)
Culture, Media and Sport	Deputy secretary of state (minister of state)
Defence	Deputy secretary of state (minister of state)
Education*	Secretary of state Plus parliamentary under-secretary of state
Energy and Climate Change*	Secretary of state Plus parliamentary under-secretary of state
Environment, Food and Rural Affairs	Deputy secretary of state (minister of state)
Foreign and Commonwealth Office	Deputy secretary of state (minister of state)
Health	Deputy secretary of state (minister of state)
Home Office	Deputy secretary of state (minister of state)

International Development	Deputy secretary of state (minister of state)
Justice	Deputy secretary of state (minister of state)
Northern Ireland	Deputy secretary of state (parliamentary under-secretary of state)
Scotland	Deputy secretary of state (parliamentary under-secretary of state)
Transport*	Secretary of state Plus parliamentary under-secretary of state (traded from Solicitor-General)
Treasury	Chief secretary
Wales	Deputy secretary of state (parliamentary under-secretary of state)
Work and Pensions	Deputy secretary of state (minister of state)
Government whips' offices	Deputy chief whip (treasurer of HM Household) Deputy chief whip in the House of Lords Two further whips in each House (4)
Leaders of the Houses	Deputy leader of the Commons Deputy leader of the Lords (doubling as minister)

**Illustrative examples of departments to demand in Cabinet*

The posts above would total 30. The right to appoint a solicitor general could be sacrificed to secure one extra parliamentary under-secretary of state, so ensuring that we could appoint one to serve in each of the three departments with a Lib Dem secretary of state. The 'quarter share' principle would mean 5½ cabinet posts, but it would be worth settling for five posts in return for the larger than proportional number of ministers of state (12 out of 29). If the Government were to grow to 123 ministers or more we should demand a 31st post.

If the size of the Government remains at 121, and statute limits the number of ministers allowed to be paid to 109, then three of these 30 Lib Dem positions would have to be unpaid, on the 'quarter share' principle. Deputy leader of the Commons is usually unpaid. The other two should be junior parliamentary under-secretary of state posts rather than Lords whips.

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