

Chapter 7: Central government

Problem scenario

Having been Prime Minister for the past two-and-half years, Patricia King, the Prime Minister has decided to reshuffle his Cabinet. King has become increasingly frustrated with the performance of some Cabinet ministers, particularly her Chancellor Neil Houlihan. However, Houlihan is very popular amongst his colleagues in the House of Commons, particularly those who are on the right “wing” of the party, which supports low taxes whenever possible. There have been rumours that Houlihan is unhappy with the direction of the government, and is considering mounting a bid for the leadership of the party. On reflection, the Prime Minister chooses to keep Houlihan as Chancellor for the time being and appoints a new Secretary of State for Education, Joshua Marsden.

The following events then occur:

- One of the policies Marsden introduces is a new IT system, which all schools would be required to use. While this would initially be very expensive, costing £5 billion, the intention is that in the long term this will save money, as a common system would be cheaper for each school. However, the costs of the project have increased to £7.5 billion, an increase of 50 per cent. The civil servant in charge of the project is aware of this, but he has not told the Secretary of State. Marsden is furious with his officials. The Prime Minister has unilaterally decided to cancel the entire project to prevent it becoming a further embarrassment to the government.
- The Prime Minister has become very concerned with housing, believing that the high house prices are destabilising the economy. She is considering increasing the top rate of income tax to 55 per cent. This would fund a new “House Building and Infrastructure Fund”, the aim would be to prevent house prices from spiralling out of control. The Chancellor, Neil Houlihan profoundly disagrees. The Prime Minister and Chancellor argue over this policy in one of their regular meetings. Newspaper reports that ‘Prime Minister and Chancellor at loggerheads over tax and housing policy’, and contains detailed information

about the proposed policy. Several Conservative MPs are concerned about this policy and seek assurances from the Prime Minister that the story does not reflect government policy.

- Finally, a Sunday newspaper has just published photos of Olivia Hill, the Secretary of State for International Development entering a hotel in London with a man who is not her husband in the early hours of the late on Wednesday night. They were also photographed at a restaurant earlier that evening. The newspapers have identified this man as Charles Holloway, a convicted fraudster. Further stories are published in the newspapers the following week, indicating that Hill has been seeing Holloway for at least six months and alleging that they are having an affair. It also emerges that Holloway has recently been appointed a director of Compassionate Food, a charity that provides food to war-torn countries, especially in the Middle East. It has since emerged that the Department for International Development has just agreed to grant Compassionate Food a grant of £1.5 million to support their activities.

Imagine that you were presented with this scenario and asked to consider the constitutional issues that arise from these facts.

The scenario raises three main issues. Firstly, whether the Prime Minister is able to sack his Chancellor, Neil Houlihan; secondly, whether the Education Secretary Joshua Marsden is responsible for the botched IT project; thirdly and finally, whether the International Development Secretary Olivia Hill has to resign. We will consider each of these in turn.

(1) Can the Prime Minister Sack the Chancellor?

This is largely a matter of political judgment. The Prime Minister clearly has the power to sack his Chancellor. However, given Houlihan's standing in the party, it seems unlikely that Houlihan would be happy with another Cabinet position, as any other position is likely to be considered as a demotion. The dilemma for the Prime Minister is that if she sacks the Chancellor, he may ultimately launch a leadership bid. Consequently, keeping the Chancellor in position shows that the powers of the Prime Minister are, in practice, more

restricted than it may initially appear. Keeping Houlihan also means that he remains bound by collective responsibility, which may be to the Prime Minister's advantage.

The manner in which the Prime Minister interacts with her minister is also notable. This is shown in how the debate over housing and increasing the rate of income tax has taken place outside of a Cabinet meeting; this shows how the most significant policy concerns are resolved through more informal meetings. This maybe appropriate if the matter is at an early stage and the views from other ministers do not appear to have been sought. The situation also indicates that the Chancellor has become an influential figure within the government, possibly due to the level of support he enjoys amongst his MPs.

It is also an example of how the Prime Minister has the potential to drive the policy agenda of the government, even without the initial approval of the relevant ministers. It's notable that the Secretary of State for Communities and Local Government (who has responsibility for Housing) has not been part of these discussions. If they find that collective responsibility means that they must defend this policy and they disagree with it, this may well cause problems for the Prime Minister. Ultimately, they could choose to resign from the government, particularly if they felt that they had been undermined by the Prime Minister by not being included in the discussions.

However, again the restraints on the Prime Minister are shown when the disagreement between the Prime Minister and the Chancellor over the policy has been leaked to the newspapers. It's unclear who is the source of the leak. It may be the Chancellor himself, with the aim of preventing the policy from developing any further. By contrast, the Prime Minister may have leaked it, in an attempt to undermine the Chancellor. On this occasion, it appears to have worked to the Chancellor's benefit, given the support he has from MPs. Should the Prime Minister pursue this policy, and others that are unpopular with MPs, they would be likely to increase the pressure on him. This shows an informal, political constraint on the power of the Prime Minister.

(2) Will Joshua Marsden, the Education Secretary have to Resign?

This is a major failure within the department, but it remains difficult to conclude that the Education Secretary must resign in this instance. The difficulties of establishing clear rules as to when ministers should resign is also shown, as this situation does not match any of the four Maxwell Fyfe principles outlined in Section 7.6.5. This appears to be a similar situation as to that within the Department of Transport and the franchise for West Coast Trains. In that instance, the blame fell on the civil servants, largely because they failed to inform the Secretary of State about the problem. This appears to have happened here with the Education Secretary.

(3) Will the Secretary of State for International Development, Olivia Hill have to resign?

It is possible that the Hill will have to resign. The precedents regarding having an extra-marital affair are unclear; sometimes it can trigger a resignation, while on other occasions it does not. The additional embarrassing factor is that the affair is with a convicted fraudster. This may raise questions about her judgment. Yet, identifying a breach of the Ministerial Code for these facts alone is difficult.

What is more likely to be problematic is the grant made by the Secretary of State's department to Compassionate Food. Here, there is a risk that the Secretary of State's public duties and private interests are in conflict. It's notable that the Ministerial Code also refers to perceptions of a conflict of interest in addition to actual conflicts.¹ This is likely to cause the Secretary of State some difficulty, particularly if it was proven that she was involved in making the decision to award the grant to Compassionate Food.

However, the ultimate arbiter of the Ministerial Code is the Prime Minister who is the 'ultimate judge of the standards of behaviour expected of a Minister'.² It is also notable that, it is the media that are driving the situation, as they are finding out more information that embarrasses the Secretary of State as they continue to investigate.

¹ Ministerial Code, para 7.1.

² Ministerial Code, para 1.5.

Ultimately, given the media pressure she faces, it is likely that Hill will have to resign from the government.