

Reviewing quangos

Today I refresh my suggestion that the government during its spending review improves its financial and policy controls over quangos. The long trend to hive off more and more activities into so called independent bodies should be halted. In practice the public expects the government to shoulder the blame for anything in the public sector that goes wrong, so Ministers need to review policy and resources of the quangos that report to them and ensure value for money and fitness for purpose.

Ministers should be appointed by each Secretary of State to review the annual budgets, to review the annual reports and accounts and undertake any other meetings with quango heads where things are going wrong or where a change of direction is needed. This should all be reported to Parliament in the usual way. The review should decide which of these bodies are a needless overhead or a function the relevant department could carry out, and where a quasi judicial role or some other function warrants specialist management and a quango format under a policy and law determined by Ministers in Parliament.

If we take the case of Homes England it had assets of £21 bn and receives grant in aid of almost £5bn a year. It would be good to have a more open debate about the need to hold all these assets in such a body and to find out how much value taxpayers get for the grant in aid, given the substantial private sector money available to provide housing of all kinds.

Hollowing out government responsibility by giving it to so called unelected bodies does not succeed in shifting blame if things visibly go wrong. It can however shield these activities from proper scrutiny and criticism allowing waste and poor performance to persist. Some quango bosses come to think of the Quango assets as some independent fiefdom., when they are just part of the huge state balance sheet. The Treasury should review how much insurance individual quangos need as they are all backed by the state, and be critical of any independent financings which occur at higher costs than the general government. Network Rail, for example, has substantial index linked borrowings and foreign currency borrowings (c. £20bn) which increase public sector debt risk.